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The COMMERCIAL & FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

The railroads, according to market observers, are pursuing a cautious and carefully planned program of debt retirement under the recently enacted tax amendment permitting them to reduce their outstanding bonded debt without incurring tax liability in the procedure.

Sharp recession which marked the carrier obligations early this week was not considered to reflect any letdown in interest on the part of the issuers. Rather it was ascribed to the general tendency on the part of traders with open positions to recognize the railroads as among the outstanding securities which would be abruptly affected by any early move toward peace.

People who follow the market closely were certain that the setback, rather than reflecting any withdrawal of company buying orders, might be regarded as having provided these potential buyers with more favorable opportunity for picking up securities.

At the same time they described the railroads' operations as cautious in the extreme and as designed to avoid any assistance whatever to speculators who might be seeking to profit by the change in conditions surrounding carrier obligations.

There is certainly no disposition to reach for bonds which are on their buying lists, but rather a clear cut determination, judging by such operations thus far, to obtain as much for the money available as is reasonably possible.

Central Maine Power

The path is now being rapidly cleared for the completion by the

(Continued on page 1703)

HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX

of John B. Knox & Company

Editor's Note: Postwar planners and postwar plan propagandists are as ubiquitous in Washington as were the program makers and the panacea hawkers in the early years of New Deal history. Indeed the two groups are largely the same. The players have changed their costumes and shifted the scenery, but the play goes on with little alteration in the dramatis personnae.

Nor has there been any basic change in the nature of the programs devised. Postwar plans are today for the most part the New Deal plans of yesterday—often wearing new dress and somewhat glorified, but essentially the same. New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the first, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

Part I

The tendency, in these days of dogmatic "isms, ologies, ocracies and osophies," is for the believers in individual initiative and private enterprise to assume a defensive attitude. Practically without rebuttal they allow the proponents of different systems to over-emphasize the defects and under-emphasize the virtues of capitalism.

Even our definitions are being changed, without protest and without a full understanding of the technique of semantics used to discredit the processes which have produced the highest standards ever attained by any system. We seem to fail to understand that the campaign is not directed against the imperfections in our social order but against the social order itself; that it is a schematized and by no means innocuous array of misrepresentation.

(Continued on page 1706)

Shall Personal Property Rights Be Abrogated By Bureaucratic Edict?

SEC Reiterates That Dealer Profits Not To Their Liking Constitutes Fraud

Ever since the founding of this nation, there has been one sacred right guaranteed by the Constitution which has become such a vital part of our accepted way of life that it seems impossible that this right should ever have to be defended by anyone. That is the Constitutional guarantee pertaining to what we call PERSONAL PROPERTY RIGHTS.

Personal property rights have been established and defined by one hundred and sixty years of usage and judicial determination. Who is there among the people who would challenge a citizen's right to buy any kind of property, either real or personal, at any price he wishes to pay for it, or vice-versa, to turn around and sell this property at any price he chooses, even to give it away if he so desires—to make either a small profit or a very large one? In defining this Constitutional right we are not considering war time limitations, which we all understand are admitted temporary abrogations of property rights.

No court has ever established the principle that the amount of profit that any citizen derives from the sale of ANY PROPERTY HE LEGALLY TRANSFERS TO ANOTHER, WHETHER IT BE LARGE OR SMALL, SHOULD IN ANY WAY DETERMINE WHETHER OR NOT A FRAUD HAS BEEN COMMITTED BY THE SELLER UPON THE BUYER.

No preferences have ever been made in the interpretation of this Constitutionally guaranteed right of every American citizen to buy, hold or sell ANY KIND OF PROPERTY. No exceptions were made between the man who buys and sells tangibles and intangibles. One business has been treated the same as another. The man who buys and sells a pair of shoes is free to pay as little as he can for the shoes he buys, or as much as he wishes for that matter. If he sells them for 10 times their cost to anyone

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SAMUEL R. TAYLOR and D. HOWARD BROWN, formerly of the firm of Taylor & White, specialists in unlisted securities, are now associated with us as Managers of our Over-the-Counter Trading Department.

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Wm. Sahud Now With Sills, Troxell Firm

CHICAGO, ILL. — William H. Sahud, formerly Vice-President of Charles K. Morris & Company, Inc., has become associated with Sills, Troxell & Minton, Inc., 209 South La Salle Street, in that firm's sales organization. Mr. Sahud is well known on La Salle Street as a financial writer and analyst.

E. H. Heminway Now With Georgeson Co.

Edwin H. Heminway, formerly Secretary and Director of Minsch, Monell & Co., Inc., has joined the organization of Georgeson & Co., 40 Wall Street, New York City.

Aycock Co. Formed

NORFOLK, VA. — Aycock & Company, with offices in the Royster Building, has been formed here to deal in municipal and corporate securities. Partners of the firm are William T. Aycock, Jr. and Virginia J. Aycock. Mr. Aycock was formerly local manager for Scott, Horner & Mason, Inc., Granberry & Co., and Whitehouse, Hudson & Co.

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Situation Attractive

The common stock of Long-Bell Lumber Co. offers attractive possibilities, in view of the company's improvement during the past few years, with the outlook for earnings for 1942 on the common stock definitely optimistic, according to a circular issued by Ward & Co., 120 Broadway, New York City. This circular brings out the fact that there was $2,456,367 cash segregated for preferred stock sinking fund requirements on the balance sheet as at Dec. 31, 1941, at which time there were 110,557 shares of preferred outstanding. Only nine months later, as at Sept. 30, 1942, there were only 81,451 shares outstanding. As at Dec. 31, 1941 just the cash and U. S. Treasury tax notes exceeded all of the current liabilities, the net working capital being $12,256,911.

Copies of the circular discussing other interesting factors affecting the company may be had from Ward & Co. upon request. Ask for memorandum No. 260.

Also available is Memorandum No. 261, "Peace Time Industrials," for distributors of securities at retail, describing ten selected issues of peace-time industrials.

Chgo. & Alton Interesting

The current situation in refunding 3s of Chicago and Alton Railroad Co., which is controlled by the Baltimore & Ohio, offers attractive speculative possibilities at present levels, both as to income and price appreciation, according to a circular issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. Copies of this circular may be had upon request.

Wells Is Lt.-Commander

H. Prescott Wells of Outwater & Wells, 15 Exchange Place, Jersey City, N. J., has been commissioned a Lieutenant Commander in the U. S. Navy.

Price Disclosure Rule Would Handicap Local Governments In Borrowing Operations, Says IBA

In the "Chronicle" of Thursday, Nov. 5, we reported the action of the Investment Bankers Association of America, through its President, Jay N. Whipple, in advising the Securities and Exchange Commission of its undivided opposition to the Commission's proposed bid and asked price disclosure rule, X-15C1-10. Mr. Whipple informed the Commission under date of Oct. 29 that, pursuant to the SEC's request, the suggested regulation had been given extensive study by the Association's executive officers, Board of Governors and the staff. The statement of protest submitted to the Commission, he added, also "reflects the combined opinions and reactions of a large proportion of our membership."

The statement was presented in two parts—the proposed rule in its general application to the over-the-counter securities industry, and in its practical application to State and municipal securities.

The first part of the statement was reproduced in substantial degree in Section 1 of last Thursday's "Chronicle." We are giving herewith the text of Part II, in which the Association sets forth, among other features, the deleterious effect which the proposed rule would have on the borrowing operations of the States and their municipalities and the "insurmountable difficulties" with which dealers in municipals would have to contend in attempting to comply with the provisions of the rule:

Part II

The Proposed Rule In Its Practical Application to State and Municipal Securities

We submit that in practice the proposed rule would adversely affect the marketing facilities for the security financing of the states and their governmental units. In our opinion such a rule would be in violation of the intent and purpose of Congress in its enactment of the Securities Exchange Law as originally written and as subsequently amended.

We believe this is evidenced in the memorandum dated Aug. 27, 1942, on the legal aspects of the proposal prepared by David M. Wood of the law firm of Thomson, Wood & Hoffman, New York City, copy of which was previously sent to the Commission. We believe that it is also evidenced in the opinion on the subject of Caldwell, Marshall, Trimble & Mitchell, attorneys, New York City, which has been published and copy of which, we understand, either has or will be submitted to the Commission. If need be, a further discussion of the legal phases of the proposal will be presented to the Commission by David M. Wood.

From the practical angle we submit that should the rule be put into force, it would be injurious to:

1. Borrowing municipalities (public interest).
2. Investors.
3. The industry engaged in marketing municipal securities and in developing and broadening the markets for such securities.

Borrowing Municipalities

The practical effects of the proposed rule would impede the mar-

(Continued on page 1708)

Tomorrow's Markets Walter Whyte Says—

Optimistic outlook for war end based on week-end invasion news brings market rally. Don't advise being carried away by mass buying. Reaction levels now raised.

By WALTER WHYTE

Everything that passed before paled into insignificance by the week-end news of the American invasion of the North African Coast. Last week's election holler, and everything else which seemed so important then was relegated to the scrap pile.

* * *

The stock market celebrated the switch from defense into offense in the only way it knew—a sharp rally accompanied by volume. Monday's trading reached a figure of 1,207,643, the largest this year. Only on two other days this year has volume managed to cross the million share mark. Monday's market opened plus and before the day was over managed to add more than a point in the Dow averages. Yet under this pressure to buy it was evident that the market did not move as a unit.

* * *

For some strange reason mass opinion believed the African invasion indicated an early end to the war. The so-called war stocks were sold and the peace stocks were bought. The result was the rails slumped, Bethlehem, U. S. Steel, and others currently regarded as war favorites followed suit. On the other hand stocks associated with peace time activities, Sears Roebuck, Allied Chemical, utilities, etc., shot up, some of them making new highs on the move.

* * *

Whether the war is close to an end is a guess; your's as good as mine. But to jump at conclusions because the long awaited offensive opened, is not only silly, its stupid.

* * *

Last week I was bearish. I repeated the advice to stay out of the market until a reaction of about five points had been seen. As of Monday night not only didn't the market react but advanced another point or so above the previous close.

* * *

I don't mind telling you that last Thursday was very uncomfortable. For despite the fact that that day's market was off fractionally there existed a certain undertow which was definitely not bearish.

* * *

I knew, for example, that the N. Y. offices of the different press services, AP, UP, INS, were suddenly beginning to seek men to cover the European scene. No one knew why so many new men were needed so urgently. Even the foreign editors of the news services didn't know, or if they did, didn't do any talking. The sudden increased demand for war correspondents plus the action of the market clearly showed something of importance in the wind. Well, the rest is now history. We now have to decide what to do from here on.

* * *

Well, the first thing I'm going to tell you is that if you don't have any stocks now, this is hardly the time to get them. I have a marked adversion to buying anything against competition. When everybody and his brother is jamming the order room window with buy slips I prefer to stand aside or do some selling.

* * *

So far I saw little in Monday's run up, or Tuesday's decline, to make me change my mind. If anything Tuesday's sell-off scared as many people as Monday's rally cheered. For another, markets such as you are seeing now are full of dangerous pitfalls. Being whipsawed is the one quickest way of running your account into the ground. No, the more I study the market of Monday and Tuesday the more I feel that buying at

(Continued on page 1702)

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Emmett Corrigan

At a meeting of the Board of Directors of Albert Frank-Guenther Law, Inc., 131 Cedar Street, New York City, held Friday, Nov. 6, Emmett Corrigan, formerly First Vice President and Treasurer, was elected Chairman of the Board; Victor J. Cevasco, formerly Vice President and Secretary, was elected First Vice President and Treasurer; Harold E. Maples, formerly a Vice President, was elected Vice President and Secretary. William T. Cobb and Ben S. Laitin were elected Vice Presidents. Russell Law remains Chairman of the Executive Committee and Frank J. Reynolds, President.

Ins. & Bank Evaluator

The current issue of the Insurance and Bank Stock Evaluator, issued by Butler-Huff & Co. of California, 210 West Seventh St., is now being distributed. The Evaluator contains a comparative analysis of 85 insurance companies and 37 banks as well as a brief discussion of leverage and insurance stocks.

Copies of the Evaluator together with an interesting memorandum on Globe and Republic Insurance Company may be had from Butler-Huff & Co. upon request.

DEALER BRIEFS

Buffalo, N. Y.

We find an increasing refusal to be stampeded by either good or bad news on the part of investors. Considerable buying of reorganization rail bonds was effected in the recent sharp sell-off, and clients are still receptive to this class of security where potential values are indicated.—*Bertram Parsons, Parsons & Company*

Greenville, S. C.

We find a very good demand for equities in Textile Stocks of this section, which have maintained long dividend records and which have been selling under the market for sometime. It seems to us that this demand will continue until these stocks reach a level of other stocks which have already felt the effects of an increased market price.

We feel that the Income Tax Bill just written by Congress is probably as fair a tax bill as has been brought out in some time, and will probably encourage buyers rather than give them cause for hesitation. Inflation, which seems to be staring everyone in the face, is another cause for the buying of equities at this time in this section. —*Alester G. Furman, Jr., Alester G. Furman Co.*

Jacksonville, Fla.

The passage of an amendment to the Florida State Constitution, pledging for fifty years 2 cents of the State gasoline tax to Road and Road District bonds, will also strengthen Municipal and School District bonds by relieving some of the ad valorem tax burden. This is already being felt in the Florida market. — *H. G. Carrison, Vice-President Clyde C. Pierce Corporation*

Twin City Bond Club Gets 1943 Nominees

MINNEAPOLIS, MINN. — The nominating committee of the Twin City Bond Club has presented the following slate to be voted upon at the Club's annual election to be held Dec. 12 at the University Club, St. Paul, Minn.

President: Frank T. McGuire.

Vice-President: Robert L. John, Thrall West & Co.

Secretary-Treasurer: Rudolph S. Juran, Juran & Moody.

Three members of the Board of Governors will be chosen from the following nominees: Merrill M. Cohen, J. M. Dain & Co.; Alton Junge, John S. Bauman & Co.; C. D. Mahoney, C. D. Mahoney & Co.; Merrit W. McDonald, Kalman & Co.; I. D. Owen, Allison-Williams Co.; and H. H. Wylie, Wells-Dickey & Co.

NSTA Service Flag

The following are members of the Bond Traders Club of Chicago, Inc., who are now serving in the armed forces. The Bond Traders Club is an affiliate of the National Security Traders Association.

Richard J. Aldsworth, Joseph G. Ballisch, Kenneth S. Beall (deceased), George F. Brewar, Frank Buller, James J. Callan, Richard Cooley, Walter E. Cooney, James E. Czarnecki, J. Smith Ferebee, William A. Grigsby, Charles Hofer, Henry Jensen, Fred F. Johnson, Hugh Kearns, W. W. Leahy, Ed. Liening, Donald R. Muller, Norman J. Powers, Arthur Sacco, Harry A. Taylor, Richard Wallace, T. D. Walsh, Raymond C. Wauchop, Burnham Yates.

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Colorado & Southern and the McLaughlin Act

By OSCAR LASDON *

Does the Colorado & Southern's proposed Plan of Adjustment meet the requirements of the McLaughlin Act?

This plan was originally presented as a voluntary adjustment and modification of the road's securities and was authorized by the Interstate Commerce Commission under Section 20a of the Interstate Commerce Act.[1] After passage of the McLaughlin Act, however, the company decided to take advantage of the benefits of that legislation. Under the provisions of this recent amendment to the Bankruptcy Act, assent of three-fourths of the aggregate amount of claims affected by the plan, including at least three-fifths of the aggregate amount of the claims of each affected class, makes the terms binding upon all creditors.

Terms of the Plan

For purposes of this discussion, only the main points of the plan are of interest. First, there is provision for the extension of maturities of company and subsidiary obligations, including a ten-year extension to 1955 of the refunding and extension mortgage bonds (a first lien on the Colorado & Southern Company lines) which are owned entirely by the RFC. The RFC also holds notes and securities of the Colorado & Southern and its subsidiaries, some of these securities representing collateral pledged behind subsidiary notes. None of the obligations extended under the plan has as yet matured, but they come due from 1944 to 1948.

Certain modifications of interest, for the period Nov. 1, 1941-Nov. 1, 1954, are also contained in the plan. Interest on the refunding and extension mortgage is reduced from 4½% to 4% per annum. Of this new rate, 2½% is fixed while 1½% is contingent upon earnings and non-cumulative.

Interest on the general mortgage bonds of 1980, the only bond issue of the Colorado & Southern system outstanding in the hands of the public, is also reduced from 4½% to 4% per annum. Of the revised rate, 1½% is fixed while 2½% is contingent upon earnings and non-cumulative.

Contingent interest on the refunding mortgage and the general mortgage do not rank equally. After satisfaction of the road's revised fixed interest requirements, income available for charges is then applied to contingent interest on the refunding mortgage bonds. A $300,000 capital fund has the next claim on earnings. Remaining income must be used to meet contingent interest on the general mortgage bonds.

Stockholder interests, consist-

---

[1] In approving the issuance or modification of securities under a plan of readjustment, the McLaughlin Act requires certain findings by the Commission. These include a determination by the Commission that the road is "not in need of financial reorganization of the character provided for under Section 77" and that the "corporation's inability to meet its debts, matured or about to mature, is reasonably expected to be temporary only." However, if, prior to the effective date of the McLaughlin Act, modification or issuance of the new securities had already been approved by the Commission under Section 20 a of the Interstate Commerce Act, such findings are waived. In this case, such approval had been secured prior to the passage of the McLaughlin Act.

* Mr. Lasdon is Associate Editor of Bankers Magazine and a member of the New York Stock Exchange.

(Continued on page 1706)

Boston Traders Ass'n Reports On Members

BOSTON, MASS. — Additional members of the Boston Securities Traders Association now serving in the armed forces are:

Gerald S. Colby, A. C., U. S. A. A. C., Hotel Phenix, Concord, N. H. (Gerald S. Colby & Co.)

Pvt. J. L. R. French, 805th TSS Barracks 1029, Sioux Falls, S. D.

Robert U. Ingalls, Tucker, Anthony & Co., has reported for duty at Camp Devens.

Herbert W. Young, F. M. 2C, 495 Summer Street, Boston, Mass.

The Association also reports that James H. Goddard (Air Force Headquarters, A. P. O. 887, Postmaster, New York City), and Samuel G. Jarvis (Army Air Base, Columbia, S. C.) have been promoted to the rank of Major.

The Association on Monday, Nov. 23rd, will hold the annual Turkey Festival at the Boston Yacht Club, Rowes Wharf, at 5 p.m. Cost will be $1.50 and the profits of the activity will be used for remembrances for members in the service. (Six Christmas packages have already been mailed to members of the Association stationed out of the country—one box going to the Solomon Islands.)

Robert Peirce has resigned as a Governor of the Association and has left for Detroit where he has taken a position with the Woodall Industries, Inc. William Prescott was elected to fill Mr. Peirce's place as Governor of the Association, his vacancy on the Board being filled by Ralph Carr, who assumed the Chairmanship of the Board.

The Traders Association has opened its bowling season with four teams in competition—Coast Guard, Army, Marines and Navy. At the last report the Coast Guard was leading.

Taylor & Brown Join Ingalls & Snyder

Ingalls & Snyder, 100 Broadway, New York City, members of the New York Stock and Curb Exchanges, announce that Samuel R. Taylor and D. Howard Brown, formerly partners in the firm of Taylor & White, are associated with them as Managers of their Over-the-Counter Trading Department.

1942 Federal Income Tax

John H. Lewis & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, have issued an interesting circular on capital gains and losses and their treatment under the 1942 Federal Income Tax. Copies of this helpful circular may be had from the firm upon request.

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Realtors To Hold War Conference Nov. 18-20

Frank Bane, Assistant Administrator of the National Housing Agency in charge of the new program under which Government will lease available structures of every suitable kind and remodel them for war housing, will address the Realtors' National War Conference, to be held in St. Louis, Nov. 18, 19 and 20. Accompanied by Ormond E. Loomis, head of the conversion division of the Homes Use Service, which has been set up to carry out the plan, Mr. Bane will discuss with realtors from all over the country the procedure proposed. Realtors will participate actively in listing properties suitable for conversion and throughout the whole conversion program. The whole field of war action and war changes as they affect real estate and the work of the realtor will be subject matter of the Conference.

Col. John J. O'Brien, in charge of real estate acquisition for Army use, and John J. Courtney, in charge of the real estate program for the Navy, are among Federal officials who will take part in the Conference. Norman Littell, Assistant Attorney General, in charge of the Lands Division of the Department of Justice, will address a dinner meeting for appraisers. Paul A. Porter, Assistant Administrator of the Office of Price Administration in charge of its Rent Division, will conduct a half-way informal discussion on rent control, its administration and its implications, now of major importance to every branch of real estate activity. It is expected that Ivan D. Carson, newly appointed director of operations of OPA's Rent Division, and other officials of the Division will also take part.

David B. Simpson, Portland, Ore., President of the National Association of Real Estate Boards, will outline objectives toward which realtors as a national group must direct their efforts in a time of war and at this critical period of the war.

Attractive Outlook

The earnings outlook for the 40 Wall Street Building, Incorporated, is particularly attractive at the present time, according to an analysis issued by Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City. Copies may be had from Seligman, Lubetkin & Co. upon request.

Forty Wall Street Building
New York City

Illustrated Analysis on request

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REAL ESTATE SECURITIES

THE 1942 TAX LAW FAVORABLE IN ITS EFFECT ON BONDHOLDERS

The Revenue Act of 1942 provides for greatly increased income taxes. Its effect upon corporations' earnings available for distribution as dividends must in many cases reduce the amount paid annually. In contrast holders of corporation bonds face no cut in the interest payments.

The interest which a corporation pays on any outstanding bonded indebtedness is a deductible item of expense together with depreciation charges on fixed assets before arriving at net income. Dividends are paid from any remaining net income after payment of taxes.

A relief given to corporations by the Act is the feature whereby no taxable profit arises through the retirement of bonded debt at a discount below par. This also can have an effect upon dividend payments as some corporations who can take advantage of reducing funded debt at a discount, thereby also reducing fixed charges may elect to use funds available for dividends for retirement of bonds.

Real estate securities are now more than ever in an excellent position. First, in most cases after interest charges, allowable depreciation has wiped out any otherwise taxable income, but prior to the 1942 Revenue Act the profit on bonds retired by sinking fund operations has in some cases offset depreciation charges and caused some taxable income.

A specific example to illustrate the foregoing is the case of the Hotel St. George Corporation. For the fiscal year ended Aug. 31, 1942, net earnings, after 4% interest on $8,747,900 first mortgage bonds and 4% interest on $351,000 Income Debentures amounted to $323,686.57 which would be taxable except for the fact that allowable depreciation charges of $292,544.82 were taken, reducing taxable income to only $31,141.75. The depreciation charges are of course only book entries and in no way reduce the cash earnings.

Under the trust indenture terms the sum of $174,958.15 in cash was available (maximum annual amount of 2%) for retirement of bonds through sinking fund operation. Principal bonds in the amount of $371,600 were retired with these funds resulting in a profit of $196,641.85 to the corporation which in former years would be taxable but under the 1942 Act is free from taxes.

One other example is that of the Broadway-New Street Corporation, showing earnings, after 4% interest on funded debt, of $71,182.99 taxable if not for depreciation charges of $96,666.67 which when taken results in a book loss of $25,483.68. Again actual cash position is not affected and under indenture terms approximately $74,000 cash is available for retirement of bonds through operation of the sinking fund. The Trustee has not as yet asked for tenders but should this money be expended to retire bonds at an average price of 50, the resulting profit of approximately $74,000 would not be taxable.

Many investors looking for continuation of income from their investments are showing considerable interest in this type of security due to the attractive yields offered, the favorable tax position and the prospects for enhancement in value above current levels.

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Homer F. Locke** has become associated with Shields & Co., 44 Wall Street, New York City, in their Municipal Bond Department.

NEW YORK, N. Y.—**Edward F. Hirsch** has joined the staff of **Stroud & Co., Incorporated,** 120 Broadway.

(Special to The Financial Chronicle)

CHICAGO., ILL. — **Thomas M. Barry** has become affiliated with **Leason & Co., Inc.,** 39 South La Salle Street. Mr. Barry was previously with Ryan-Nichols & Co. and Thompson Ross Securities Co.

CHICAGO, ILL. — **Lorne C. Smith**, formerly with Shields & Company here, is now associated with **Merrill Lynch, Pierce, Fenner & Beane,** Board of Trade Building.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Franklin J. Neuberger** is now with **Mitchell, Hutchins & Co.,** 231 South La Salle Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Arthur N. Lindsey** has become connected with **Merrill Lynch, Pierce, Fenner & Beane**, 216 Superior Avenue, N. E. Mr. Lindsey was formerly with Goodbody & Co. and prior thereto was with Prescott & Co.

(Special to The Financial Chronicle)

KANSAS CITY, M.—**Edward P. Brown, J. B. McIntire, Theo. C. Mueller, C. B. Roberts, George Sims, Harry W. Sisk,** and **Wm. F. Smith** have become associated with **Barrett Herrick & Co., Inc.,** 1012 Baltimore Avenue. All were previously with United Funds Management Corp.

(Special to The Financial Chronicle)

MILWAUKEE, WIS. — **John D. Westra is** now with **W. M. Culp,** 208 East Wisconsin Avenue.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Henry C. English** has become associated with **F. L. Putnam & Co., Inc.,** 97 Exchange Street. Mr. English was previously an officer of the Citizens Gas Co. of Calais, Maine.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Richard P. Knight** has rejoined the staff of **Harry A. Rounds Co.,** 184 Middle Street.

Proposed Plan To Draft Labor Called Dictatorial, Inimical To Freedom

The idea of compulsory mobilization for civilian manpower was criticized in the Senate on Nov. 5 by Senator McNary of Oregon, the Republican leader.

Senator McNary said the threat of taking men from one job and placing them in another was "the most dictatorial proposal that was ever conceived, in my opinion, by American minds." He continued:

"If there is one thing in this country that goes to the heart of democracy, it is freedom of action. Democracy is founded upon respect for the home and the hearth and the love of freedom of action, and when it is attempted by legislation to take one individual, however humble he may be, and however unimportant in his community, and, by force of law remove him from one section of the country and place him in another or from one precinct to another or change his habitat or his activities, it is certain that the man so affected will resent such an attempt, because it is un-American and undemocratic."

Senator McNary added that he would have more to say on the compulsory manpower mobilization question "if such a bill should ever come before the Senate."

On the same day (Nov. 5) Rear Admiral Emory S. Land, Chairman of the Maritime Commission, testifying before the Senate Military Affairs Committee, said he favored solving the man-power problem on a voluntary basis but if that failed he would favor compulsion. Associated Press accounts from Washington on Nov. 5, reporting Admiral Land's views, added:

"Otherwise both Admiral Land and another witness, Claude R. Wickard, Secretary of Agriculture, were non-committal on proposed national service legislation.

"Both agreed merely that, as Admiral Land put it, 'we haven't too much time to make up our minds.'

"Mr. Wickard said he was not sure he understood pending manpower bills thoroughly enough to pronounce on them, except that they would give broad powers to the President. Admiral Land said he thought he lacked 'enough knowledge to make a definite recommendation.'

"Asked by Senator Lester Hill, Democrat of Alabama, author of one man-power bill, if he thought the problem could be worked out satisfactorily on a voluntary basis, Admiral Land said: 'I am an optimist and I hope so, although I have some doubts.'

"Senator W. Lee O'Daniel, Democrat, of Texas, meanwhile, introduced a bill in the Senate to suspend the 40-hour week law for the duration of the war 'to utilize our full man power.' On this proposal, too, Secretary Wickard declined to take a stand, except that the working of men longer in the war industries might be worthy of study as a possible means of stopping the drain of labor from the farms.

"Senator O'Daniel said his bill was the same proposal which was defeated on Oct. 24, when he endeavored to tie it onto the teenage draft bill. He said he did not know 'whether this Congress is yet ready to enact this type of legislation,' but thought something like it 'will finally be enacted or even more serious consequences will result than happened last Tuesday' in the Congressional election.

"Secretary Wickard told the Military Committee that 'skilled, managerial help' on the farms should be deferred from the draft. He suggested, too, that Congress take steps so that war plants with government contracts 'shall not hire these people.'

"Already agriculture has lost 1,600,000 men and women, 60% of them to war industries, the rest to the armed forces, Mr. Wickard said."

Hansons Restrained On Stock Market Utterances

A decree of consent, entered into by all parties, terminated New York State's action against Arnold R. Hanson and S. Welmer Hanson of the over-the-counter firm of Hanson & Hanson, and John W. Hession, a former employee of the organization. The State's action had grown out of swift changes in the price of the Wisconsin Central Railway Superior and Duluth division and terminal bonds, which rose from 11⅝ in February to a high of 35 in June, then breaking on official denial by Canadian Pacific Railway, the parent company, of rumors which had been circulated in the interim.

Under the decree, the Hansons and Hession are permanently enjoined and restrained from public issuance or utterance of any misleading statements or representations regarding any stocks or bonds or other securities in order to promote public sale of such issues. They are also restrained from representing to the general public that they possess any exclusive information regarding securities which may be offered for sale to the public in New York State, except such information as they may have or obtain as the result of investigation and proper research.

Before filing of the consent decree, New York State had been seeking to enjoin the defendants permanently from dealing in securities in the State. Mr. Hession was also charged with violation of the general business law in refusing to reveal to the Attorney General's Office the source of his information on the bonds which had caused the price rise.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Wesley G. Tomlinson retired from partnership in Moore, Leonard & Lynch, as of Oct. 31.

Shall Personal Property Rights Be Abrogated By Bureaucratic Edict?

(Continued from first page)

above the legal age of 21 (JUST AS LONG AS HE HAS NOT BEEN GUILTY OF ACTUAL FALSIFICATION AND MISREPRESENTATION) that's his own business and he is protected in his right to keep and maintain any profits he has derived from such a transaction.

The Constitution does not say that this right applies to every one in the United States EXCEPT THOSE WHO ARE ENGAGED IN THE BUSINESS OF BUYING AND SELLING SECURITIES, AS PRINCIPALS FOR THEIR OWN ACCOUNT AND RISK. The Constitution does not provide that any Governmental bureau should be empowered to abrogate this sacred right which is guaranteed TO ALL CITIZENS ALIKE.

We do not condone excessive profits in the securities business or in any other field of endeavor. No one who has had any experience in any kind of competitive and legally conducted enterprise would ever approve of abnormal profits which are entirely unrelated to value. In addition to the questionable morality of such procedure, the natural competitive forces which are always at work will tend to keep those who persist in this practice from ever achieving a substantial degree of success in any line of enterprise. THE FAKIR ALWAYS CUTS HIS OWN THROAT IN THE END. The annals of American business history attest to the truth of this fact.

At the present time the SEC has submitted a brief as a "friend of the court" in the matter of Helene Hallgarten against Stewart J. Lee Co. of New York. The plaintiff in this cause is represented by Moss, Marcus, Chaitkin & Gardener; the defendant by Abraham M. Metz. The SEC's brief was filed by Louis Loss of the Solicitor General's office. It is not our place to take up any of the details of any litigation regarding the pros and cons involved—nor to try any suit in these pages. However, we cannot refrain from pointing out that the SEC in its brief stated the following:

"The dealer's omission to disclose the spread between the market price and sale price WHEN THAT SPREAD IS UNREASONABLE renders misleading and fraudulent the representation, implied from his holding himself out as a dealer in securities, that he will deal fairly with his customers and charge prices bearing some reasonable relationship to the prevailing market."

The point we wish to make is that NO FRAUD, NO MISDEMEANOR, NO FELONY, NO MISREPRESENTATION, HAS BEEN COMMITTED BECAUSE THIS DEALER OR ANY OTHER DEALER HAS MADE ANY AMOUNT OF PROFIT — LARGE, SMALL, MEDIUM, OR WHAT CERTAIN INDIVIDUALS WITH THE SEC MIGHT CALL UNREASONABLE. If this dealer had been in the business of buying and selling eye-glasses, roller coasters, jewelry or any other kind of property, no bureau or commission would think of stepping into a controversy of any kind between seller or buyer, and by such an act, attempt to establish THAT PROFIT IN AND OF ITSELF CONSTITUTES FRAUD.

The securities business is no different from any other business. This attempt to regulate profit margins by contending that one who sells securities is acting in a fiduciary capacity is merely an excuse to abrogate personal property rights, and an assumption that is based upon the unrealistic attitude that he who sells a stock or a bond is in a position legally different from that of him who sells anything else. If a ceiling is to be put on profits made by dealers selling securities then one should be placed over everything sold by anyone from doctors' fees to clothing, shoe laces and what have you. ESTABLISH BUREAUS TO REGULATE THE AMOUNT OF PROFIT MADE ON EVERY THING THAT IS BOUGHT AND SOLD ANYWHERE IN AMERICA. GIVE THESE BUREAUS POWER TO DETERMINE HOW MUCH IS REASONABLE. PROSECUTE THOSE WHO DON'T COMPLY. BUT BEFORE THIS IS DONE ALLOW THE PEOPLE TO VOTE ON THE SCHEME. PASS A CONSTITUTIONAL AMENDMENT REPEALING PROPERTY RIGHTS AND PUT THE NEW WAY OF LIFE INTO THE CONSTITUTION. THEN WE'LL ALL LIVE UP TO IT—BUT WE WON'T HAVE A FREE AMERICA ANYMORE.

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

It is difficult by any appraisal of the situation to justify the present price spread of 10 points between the Atlantic Coast Line 1st Consolidated 4s, 1952 and the Coast Line Louisville & Nashville Collateral 4s maturing in the same year. A switch into the latter, which is selling at the lower price, is being recommended, not only because of the greater price enhancement potentialities, but, also, because there can certainly not be any assurance that the 1st Consolidated 4s would fare better, if as well, as the Collateral 4s.

If the company is going to continue on its debt retirement program there is reason to believe that at least a fair proportion of any open market buying would be applied to the Collateral 4s. There would be a more substantial interest saving on each dollar so spent, and part of any funds used for open market purchases would be represented by excess income from the collateral directly pledged. On a $7 dividend from Louisville & Nashville the pledged stock yields annual income of $4,176,900, or $2,776,900 more than the annual interest requirement on the bonds.

The Atlantic Coast Line Louisville & Nashville Collateral 4s are outstanding in the amount of only $35,000,000 and are secured by pledge of 596,700 shares of Louisville & Nashville stock, constituting 51% of the total amount outstanding. A dividend of less than $2.50 a share is necessary on this stock to support the bonds. Only twice since the start of the century has the subsidiary's dividend been below that figure. Moreover, the basic position of Louisvill & Nashville has been improved materially and consistently in recent years. For one thing annual fixed charges have been reduced through debt retirements and lower coupon refundings. On the basis of its present charges Louisville & Nashville would have earned enough on its stock to support the collateral bonds in every year of the depression with the exception of 1932.

Secondly, Louisville & Nashville is in a particularly strong traffic position for the post-war years. It carries a large volume of bituminous coal which will not be vulnerable to possible heavy highway competition. Industrial development of the South has opened up new traffic sources and has also expanded the potential market for the company's coal. Certainly it may be taken for granted that Atlantic Coast Line will bend every effort to avoid the possibility of jeopardizing its equity in this profitable and important subsidiary.

That Coast Line will be able to make rapid strides towards debt reduction appears obvious from the fact that earnings are running in the neighborhood of $18,000,000 to $20,000,000 this year. Now that the 5s, 1945, have been called for redemption the company has no other maturities prior to 1952 except a few small non-callable liens which would hardly be suitable for open market purchase operations.

The sanctity of the 1st Consolidated 4s can not be taken for granted in the event that Coast Line should eventually be forced to go through reorganization. It is true that the bonds are secured by first lien on 2,783 miles of line and by second lien on an additional 1,139 miles subject only to $7,970,000 of divisionals. This constitutes the bulk of the owned lines. This relatively favorable lien position is not sufficient to warrant assurance that the bonds would remain undisturbed, however, when considered in the light of the company's entire debt position.

The 1st Consolidated 4s are outstanding in the amount of $50,863,000 while there are only $34,479,000 junior claims (excluding the L. & N. Collateral 4s) outstanding against the property. This junior debt does not afford an adequate cushion to protect the senior debt in the event of reorganization. Interest on the 1st Consolidated 4s and the divisional liens amounts to $2,357,000. Income from the properties in three of the past ten years would have been insufficient to cover this senior interest.

On the basis of past experience the 1st Consolidated 4s appear in a weaker position than the bonds secured on the Louisville & Nashville stock. Moreover, the Atlantic Coast Line railroad properties do not have as well defined postwar prospects as the Louisville & Nashville properties. The parent company is more vulnerable than its subsidiary to possible renewal of severe non-rail competition. Earning power behind the Collateral 4s may be even more strikingly superior to that of the 1st Consolidated 4s in future years than it has been in the past.

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Flour Issue Looks Good

The 4% convertible income sinking fund notes of Flour Mills of America, Inc., offer interesting possibilities, according to a memorandum issued by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the Philadelphia Stock Exchange. Copies of the memorandum discussing the situation in some detail may be had from the firm upon request.

Beer To Admit Stockdale

William V. Stockdale will become a partner in Beer & Co., members of the New York Stock Exchange and other leading Exchanges, effective Nov. 12. Mr. Beer will act as alternate on the floor of the Exchange for Christopher K. Coates and will make his headquarters in the firm's New York City office, 61 Broadway.

Minsch, Monell Co. To Be A Partnership

Minsch, Monell & Co., Inc., 115 Broadway, New York City, has changed its status from a corporation to a partnership and the firm name will be Minsch, Monell & Co. Partners of the firm will be William J. Minsch, G. Leonhard Boveroux and Harold S. Smith. The personnel of the firm will remain substantially unchanged.

Defaulted RR. Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—44; low—14¾; Nov. 10 price—41.

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Bank and Insurance Stocks

This Week — Insurance Stocks

Business executives of the nation should have, and probably did, breathe a collective sigh of relief when the Revenue Bill of 1942 was finally enacted into law. Perhaps they feel very much like the old darky who was convicted of horse-stealing and was overjoyed to receive a sentence of 50 years instead of "life." In any event, considering some of the proposals that were made along the way (and of which the original Treasury plan was probably the worst), the new bill is regarded as almost a model of painless extraction. Despite the fact that the new taxes are far greater than anything we have ever known in this country and despite the fact that shell-shocked taxpayers died a thousand deaths while the bill was being formulated, the ultimate result has been quite generally approved.

Insurance companies, in particular, again got off quite easy. In fact, they could not have fared much better if the bill had been drafted by the industry itself with an eye to its own individual advantage. Curiously enough, most of the eleventh-hour modifications of any importance served to lighten the tax burden for insurance companies very materially —at least in comparison with the various drafts that had previously seemed likely of enactment.

It so happens that the insurance industry has always fared unusually well from the standpoint of taxes. This has not been a species of favoritism but entirely fortuitous because it is governed by the same tax laws as apply to other corporations. However, the dual nature of its business has softened the impact of many types of taxes while the accounting methods peculiar to the insurance business have further served to ease the burden for them. It is well, perhaps, that this has been so because an insurance company is essentially a custodian of other people's money and is entitled to every encouragement in the battle to maintain a strong, healthy position. Fortunately, the insurance business has always received such encouragement both from State and Federal authorities.

The primary obligation of an insurance company is to its policyholders rather than to stockholders but, in serving the interests of the former, the latter have also been protected and benefited. Both groups are vitally interested in the tax situation as it applies to the insurance business. New corporate taxes are doubly important to an insurance company because (1) it pays direct taxes on its own income, (2) it owns securities of many other companies which, in turn, are also subject to taxation. Thus the lighter burden of direct taxation which insurance companies have enjoyed may be regarded as suitable compensation for the double or indirect taxation which they, as investors, must automatically incur.

The easement in certain features of the 1942 Tax Bill was, therefore, most gratifying to insurance executives not only because it will permit them to discharge their own tax obligations without difficulty but because it removes the danger of insolvency from many companies in which they have invested. As a matter of fact, the health and prosperity of all major industries are important to the insurance business. Its income and assets necessarily represent a cross-section of all business although, fortunately, it is not dependent on any single one. Most fire and casualty companies today are more widely diversified than ever before in their history.

Back in the 'Twenties, the investment field was not as broad as it now is and many insurance companies had 20% or more of their funds in railroad bonds and stocks.

Consequently their depression problems were greatly aggravated by the deterioration in these securities. It is a tribute to the flexibility and vitality of the insurance industry that a catastrophe of this kind could be taken in stride and the losses absorbed in a few short years. Of course, some of the "dead horses" still remain and, surprisingly enough, have come to life again. The revival of the railroad business, therefore, means a considerably larger windfall of salvage for many than ever seemed likely.

The change in the capital gains law and the relief provisions available to companies in debt, not to mention the credit allowance on public utility preferreds, are all important to insurance companies. These features will permit them to adjust and strengthen their assets without serious handicap or penalty and many of their holdings, which looked well nigh hopeless a few weeks back, can now be "bailed out" or retained according to whatever course the judgment of their respective finance committees dictate.

As far as direct taxes are concerned, most fire insurance companies will probably pay out less for 1942 than for 1941. This is due to the fact that normal and surtax rates apply mainly to underwriting profits — and there won't be any this year because of the ocean marine losses last spring. In cases where underwriting was not affected by the ocean marine business, larger premium writings may result in a statutory underwriting "loss" so that either way, there will be little to tax. Obviously, in view of this situation, there will be no liability for excess profits taxes.

The casualty companies, according to present indications, will have a favorable underwriting balance which will be subject to all taxes. The first six months were extremely profitable but rate reductions on Automobile lines and the increase in industrial accidents may cut the over-all profit margin for the year to a level below 1941.

The "solid" earnings, from investment income, for both fire and casualty companies will be largely tax-exempt. Dividends received on holdings of both preferred and common stocks will be almost clear of tax. Other investments consist largely of tax-exempt Government and Municipal Bonds, on the one hand, and taxable bonds on the other. Inasmuch as operating expenses may be charged against taxable income, it is safe to say that the tax-exempts of most companies will be free from the normal tax and, to some extent, from the surtax.

All in all, the insurance companies have very little to worry about in the new Tax Bill except in respect to the work necessary to prepare their reports. That, at least, they have in common with all the less favored and less gifted corporations of the land.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1703)

this time is dangerous. There is however, one qualification.

* * *

In my previous two columns I advised that the market showed indications of reacting to 110 (Dow averages) or slightly beneath that figure. With the most recent rally this reaction range must now be discarded. I now believe sufficient support will appear at about 113 or a level equal to the lows made during the week of Oct. 24. Once this level is approximated I think the market will settle back into dullness with the range swinging from about 112 on the downside to about 114 on the upside. It is during this anticipated dullness that I shall try to choose stocks to recommend to you. In the meanwhile there is no change in the position taken here.

* * *

Such stocks as you still hold (half positions) are comfortably above their stop levels. As long they stay above them they can be held.

* * *

Your positions, or rather half positions, remain as follows:

Air Reduction at 30 with a stop at 35. Allis Chalmers 23 with a stop at 24½. And International Harvester at 43 with a stop at 49. I might point out that while I don't advise new purchases at present levels the effect of dynamic news can change the outlook overnight. Should our forces, for example, engage Rommel's army before next week's column is written the market picture can change from one of dullness to one of rapid advance.

* * *

T. D. & Co., St. Louis, Mo. You speculate but you speculate in the wrong stocks. Issues selling for say $2 or $3 seldom have real moves. Pittston for example was recommended here at under 2. It was followed by advice to sell at 2¾ or better. I see you still hold it. Suggest getting out on next rally to say 2½. Armour is fair but such a slow mover that to tie up funds in it seems unwise. Sorry, I have no opinion on Colorado Southern 4¼s. The best you can expect in Bliss is a rally to say 14. But I would not hold stock below 10.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Chgo. Analysts Elect

Evan V. Shierling of Moody's Investors Service has been elected President and William E. Stiegelmeier of the Northern Trust Co. of Chicago Vice-President of the Investment Analysts Club of Chicago, it was announced on Nov. 9. New Governors announced are: George I. Daniels of the City National Bank & Trust Co., Chicago, Arthur J. O'Hara of the Northern Trust Co., and Corliss D. Anderson of the University of Chicago. Erwin W. Boehmler, Dean of the School of Commerce of the Central Y. M. C. A. College, has been appointed Chairman of the club's Education Committee; Douglas Hayes of Woodruff, Hayes & Co., Chairman of the Arrangements Committee; and Lyle F. Eikelbarner of the Continental Illinois National Bank & Trust Co., Chairman of the Membership Committee. At the club's first 12), Harry E. Snyder, CPA, and Professor of Accounting at Loyola University, will speak on the effects of the 1942 Revenue Act on corporation earnings.

Cgo. Men In Armed Forces

Herbert J. Burt has received a commission of Lieutenant, senior grade, in the United States Navy. He is at present going through a period of training and will be attached to the naval aviation forces. Lieutenant Burt has been a resident of Chicago for many years.

Russell G. Longmire received a commission as a First Lieutenant in the air service command of the United States Army. He received his training at Miami Beach, Fla., and is now stationed at Jackson, Tenn.

Major Harry W. Taylor has been in the armed services of the United States for approximately 15 months. He was a Captain in the First World War and was called into service before our involvement in the present hostilities. Major Taylor is at present on duty in Chicago and his home is in Oak Park.

All were associated with the Chicago investment firm of W. C. Gibson & Co.

DIVIDEND NOTICES

COLUMBIAN CARBON COMPANY

The Directors of Columbian Carbon Company have declared a year end dividend of $1.25 per share, payable December 10, 1942, to stockholders of record November 20, 1942, at 3 P. M.

GEORGE L. BUBB
Treasurer

THE BUCKEYE PIPE LINE COMPANY
26 Broadway
New York, October 24, 1942.

A dividend of One ($1.00) Dollar per share has been declared on the Capital Stock of this Company, payable December 15, 1942 to stockholders of record at the close of business November 20, 1942.

J. R. FAST, Secretary.

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.40 per share has been declared on the stock, payable December 10, 1942, to Stockholders of record as of the close of business December 21, 1942.

JAMES L. WICKSTEAD, Treasurer

NORTHERN PIPE LINE COMPANY
26 Broadway
New York, October 28, 1942.

A dividend of Thirty (30) Cents per share has been declared on the Capital Stock ($10.00 par value) of this Company, payable December 1, 1942 to stockholders of record at the close of business November 13, 1942.

J. R. FAST, *Secretary.*

UGI

The current quarterly dividend of $1.25 per share on $5 Dividend Preferred Stock and a **dividend of 10 cents** per share on Common Stock have been declared, payable December 23, 1942 to respective holders of record November 30, 1942.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
October 27, 1942 Philadelphia, Pa.

Royal Bank of Scotland
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1941	£150,939,354

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

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47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL	£3,000,000
RESERVE FUND	£3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.

Branches in all the principal Towns in
EGYPT and the SUDAN

The Securities Salesman's Corner

A PLAN TO BUILD UP YOUR BUSINESS

PART IV

Now we come to the most important step in this "plan to increase your business." From here on we will take up the job of selling these "situations" after we have found them.

It has been stated in this column many times in the past, that we believe in the efficacy of the sales technique that sells an "idea" rather than a "security." Years ago, in the lush markets of the 'Twenties, everyone was buying a share of stock in something. Back in those days most of us sold a "security." We selected a security, or our firm selected one for us, and we took it out and peddled it. People bought, and that was that. Of course, such a method of creating business will not work today. Yet there are some few salesmen in the securities business who are plugging along on this same old line. No doubt, many others who have followed along similar pathways have found present day security selling unprofitable.

After all, we are not handing out a "tip," or a so-called sure thing. We have made studies, we have accomplished research. In this plan of selecting special situations for our clients we have done the necessary "spade work" beforehand; in order to justify our faith in the soundness of our recommendation. Such being the case, we certainly have something **unusual to offer.** We have an opportunity to present that is out of the ordinary. Here is a **plan for future profit making,** of which our clients can avail themselves, not once, but as a continuous operation, as many times in the future as we are enabled to bring situations before them.

So we go to our clients and we explain in simple language just **how we propose to help them make some money.** First step, tell them, where the security is unlisted, about the over-the-counter markets, by explaining that contrary to general conviction, some of the most exceptional investment opportunities, and biggest bargains, are not only on the exchanges but in this great national hook-up of dealers who trade thousands of securities daily from coast to coast. Tell them how some of the most astute investors make some of their biggest commitments—not on the stock exchange, but in certain outstanding situations that periodically come up in the over-the-counter markets. Use illustration by quoting actual cases. There are many of them. In the past year we have noted many profits of from 50 to 200%. These cases exist. Stop to think a minute—isn't this something to "crow about?" It's the truth. Then why not tell the story to the people who don't know about it? Back it up with facts—you can do it by quoting actual cases.

Second step—after you've opened up a new field of exploration for your client, and you've opened his eyes to something that he didn't know even existed; explain how you make research and studies of various companies. Not the details of statistical analysis, of course, but the high lights of how you "specialize in digging them out." Your research department, your trading department, your sources of information, your trips of inspection to actual companies themselves, your contacts with company officials and the important place of careful, accurate, analysis in making the final determination of whether or not a certain security is a "buy" and an "opportunity"—these are the things to talk about.

Step three, explain how your firm usually goes into these situations for its own account. Explain how the buying is done quietly, so as not to disturb the market. Tell how a certain limited group of your clients avail themselves of these special opportunities every time they come along, and that they all make their purchases at approximately the same time and around the same price levels. Step four, explain to your client that your firm can not only bring him the right securities at the right time, but in this method of operation, he will be advised when he should "sell." That you continually follow a security after he has bought it. Every client that is interested in this particular situation is carded in your files. All are treated alike. Selling is accomplished on the way up and in this way his funds are released for the accumulation of future situations when they arrive. If you wish, you might even bring out that some of the situations are so under valued in price that many times your firm has found it advisable to bring these specific cases to the attention of other investment firms **after all of your clients have made their purchases.** In this manner other firms have related the facts to their clients, and a continuing demand is thus created, **at higher levels of the market,** for the securities involved. There is nothing wrong or illegal about this. Sometimes a stock is so cheap, that at ten times the current price it's a bargain, at fifteen it's still cheap and at twenty it's attractive for income. The point is when you bring it to your clients at ten and you make it possible for them to sell it out at eighteen (and still don't hurt the other fellows' client who buys it at eighteen) you are doing a constructive merchandising operation—nothing less, and nothing more.

By this time your client should begin to get his eyes opened. He's hearing something that is different. Here is a fellow who is telling him, come join with us, we will not only help you invest right, but we are not going to leave you sit out there alone with your stock or your bond after you've bought it. You are with us. We are going to sell someday too. So are the rest of our clients, **and we are going to tell you when to do it.**

Then after you've done this in your own way and in your own words—the simpler and more direct the better—**pull out your specific recommendation and sell it.** If you've picked your prospect right, if he has funds, and if you've sold the **"idea"** of this whole plan, you'll get your order.

In conclusion, pick the right situations, be sincere in your efforts, don't try to be infallible—you can't. As you go along and build up your following that will buy these "special situations" from you, always tell them that they can't expect the impossible, that you might be wrong occasionally but that if you are, they shouldn't get hurt very much, that your general average is what counts, and that even if you are only right six out of ten times they will make money and, of course, they certainly can expect to do much better. Last of all call on the people who have substantial investments. They make the best customers, they save your time, they give you less headaches, and in the long run you will find that you can work this idea much better with ten or twenty fairly substantial buyers than a hundred small investors.

Our Reporter's Report

(Continued from first page)

Central Maine Power Company of the refinancing involved in the consolidation program which will yield one of the largest single integrated operating systems in New England.

The merger plan, approved by Securities and Exchange Commission, has now been placed before stockholders of the company and the Cumberland County Power & Light Company for their sanction. Once this operation is completed it would appear that the way would finally be opened for the marketing of the new securities involved.

Central Maine has on file with the Securities and Exchange Commission two issues of new securities including $14,500,000 of new first mortgage bonds and $5,000,000 of serial notes which will replace outstanding obligations in the program.

Treasury Money Rates

By this time Secretary of the Treasury Morgenthau doubtless knows quite definitely what he has in mind with regard to terms for the impending war financing.

He met, prior to the holiday in the markets, with his fiscal advisers, the member of the Executive Committee of the Federal Reserve System.

A month ago, it is understood, there was considerable debate when the Treasury Chief met with this group to decide on the details, including maturity and interest rates, of the bond and note issue which induced only a modest over-subscription.

Whether the results of that operation have tended to soften up Mr. Morgenthau in any degree will not be known until he announces the terms of the next issue, provided of course this does not involve a reopening of "tap bonds."

Reserve Credits

Member banks in the Second Federal Reserve District, reporting to the New York regional institution, evidently are moving to take advantage of the liberalized discount rates put in force on Government paper of short maturity.

Condition statements for the week ended Nov. 4, show that borrowings by New York City banks now stand at $17,000,000, against $13,000,000 a week earlier and a clean slate on the corresponding date a year ago.

Except for member banks in the Boston area, however, the other institutions in the system do not yet appear as borrowers. Such accommodation, it is expected, may register marked expansion coincident with the next Treasury financing which is designed for banking subscription.

As explained when discount rates were lowered, the purpose is to encourage borrowing by the banks and avert the need for any immediate general revision downward of reserve requirement rates.

Interesting Situations In Municipal Field

Kaiser & Co. have just issued a circular containing study of the results of the first 12 months' operations of the Metropolitan Water District of Southern California, with a number of interesting tables of comparison. Also included is data on the Pennsylvania Turnpike Bond Amortization under the new Revenue Act, and a report on recent developments affecting the Carquinez Toll Bridge Revenue Bonds and Oxnard Harbor District. Copies of this interesting circular may be obtained from Kaiser & Co.'s New York office, 25 Broad St.

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Investment Trusts

"A COMING MARKET"

"There are people in this country who will tell you that America has 'gone soft.' According to them, we have offered up our heritage to the idol of Easy Living for a mess of Governmental pap. Americans were hardy, they say, but we just can't take it any more.

"Speaking for a segment of Americana which we know rather intimately — its investment dealers — we can state categorically that these accusations are not true.

"Few, if indeed any, other groups of Americans have had to face such problems and discouragements as have confronted investment dealers during the past 12 years. Their markets steadily and progressively curtailed, themselves stigmatized with a large part of the blame for the world-wide depression which played havoc with their own business, investment dealers have had to be hardy to survive!

"Nor is the road ahead a particularly rosy one. The United Nations have yet to win the war and until that job is done there can be no business as usual. But out of the changes which the war is forging in this country, far-sighted investment dealers are beginning to see the creation of a new market—a bigger, broader, more important market than they have ever had before.

"This market will be among the millions of little people whose financial position is being vastly improved by what some have disdainfully referred to as the 'dirty shirt' prosperity of the war. This market will be different from the markets of the 'Twenties and selling in it will undoubtedly require greater effort. For the majority of prospects will have little or no knowledge of investments. They likely will have given little thought to the desirability of putting their money to work. They will possibly be more inclined to buy champagne than securities.

"But this vast potential market, we believe, affords the greatest challenge — and the greatest promise—to investment dealers in the years that lie ahead."—From the Nov. 4 issue of Lord, Abbett's "Abstracts."

* * *

Investment company managers have no doubt asked themselves the question with increasing frequency since Pearl Harbor: To what extent, if any, should we purchase United States Government bonds with company funds? Obviously, the answer will vary with the objective and requirements of the individual company. A sensible approach to this important problem, we believe, is that taken by Manhattan Bond Fund and announced in its November report to shareholders. We quote:

"The Fund has also purchased $100,000 par value of United States Treasury Notes, Series 'B' 1½s, 1946, this purchase having been made with funds which otherwise would have constituted uninvested cash. Up to this time, it has not been the policy of the Fund to invest in Government bonds since it is believed that each stockholder has his own program for this very necessary purpose. However, the Directors feel that the Fund may appropriately cooperate with the Government bond program to this extent without departing from its proper sphere of operations."

* * *

Investment Company Briefs

"The Chinese had a word for it," says the Keystone Corporation in the current issue of "Keynotes." In fact, judging from the bulletin, the Chinese had **two** words for it — they are duly printed at the top of the bulletin in characters which this insignificant person would judge to be indisputable Harvard Chinese.

"The characters," explains the bulletin, "are the Chinese for 'crisis.' In Chinese, the word crisis is derived from two characters—Danger and Opportunity." Taking this striking combination of meanings as its theme, the bulletin states:

"In the past, opportunity has often proved to be a companion of danger. Periods of crisis have brought with them, and by their very nature, periods of opportunity in other directions.

"Today, for example, many securities are selling at prices which offer generous returns—although earnings are better than at any time in recent years. By comparison with 1937, for example, earnings and returns are higher and prices are lower for most classes of securities. In the ageless wisdom of the Orient, there may prove to be a clue for the puzzled investor.

"Crisis? Yes! Danger? Undoubtedly! Opportunity? Opportunity in the past has often come at times of grave crisis."

A good example of this, we think, is the remarkable growth of Keystone Custodian Funds during the last ten months of crisis. In that time they have recorded a $12,000,000 net gain in asset value and have now passed the $40,000,000 mark!

* * *

The President of Commonwealth Investment Company, S. Waldo Coleman, reports that the company had net assets as of Sept. 30, 1942 equivalent to $3.20 per share. This compares with asset values of $3.01 on June 30, 1942 and $3.55 on Sept. 30, 1941.

* * *

Calvin Bullock's "Bulletin" for Nov. 5 discuses the trend toward liberalization of state laws governing the investment of funds by institutions and trustees. A bill now before the Pennsylvania State Legislature is cited and the following quotations from an address by Albert W. Whittlesey in support of the bill and its objectives are given:

"There are four major objectives which would be attained through the adoption of the rule:

(Continued on page 1707)

Municipal News & Notes

Last week's sale at competitive bidding by the Prudential Life Insurance Co., Newark, of its holdings of $14,100,000 State of New Jersey 3¾% highway improvement bonds to a syndicate headed by the Bankers Trust Co., of New York, served to dramatize the policy of partial liquidation of municipal holdings by insurance companies that has been in vogue for some time. Nor is it necessary to look afar in order to ascertain the reasons governing the purposes for such selling. Its impetus, reports emphasize, can be found in the fact that the companies are able to obtain a higher rate of return on the newer Treasury issues than that obtainable on their holdings of top-grade municipals. Mention is made of the fact, for example, that the Federal "tap" 2½s of 1962-1967 — specifically designed for life insurance companies and other longer-term investors—are available at prices figuring a yield of almost 2½%.

By way of contrast, "blue chip" State and municipals in the same maturity range have been quoted to yield much less than 2%. The matter of tax-exemption on municipals is not of signal importance to the insurance companies, and the other institutions engaged in the switching operations, it is pointed out, in further explanation of what is described as representing a change in their investment policy.

This liquidation, it should be observed, has been carried out without occasioning any perceptable change in the municipal bond market. The price structure continues strong as was evidenced in the response to the re-offering of the New Jersey 3¾s. The bankers offered the bonds, which mature from 1948 to 1966, at prices to yield from 1.10% to 2.10%.

As a matter of fact, these secondary distributions have been decidedly welcome to underwriters and dealers, having served to offset in large measure the general inactivity that has prevailed in the business for some time owing to the paucity of new municipal borrowings.

In disposing of the New Jersey bonds, incidently, the Prudential Life Insurance Co. obtained a price of 122.789, which is elegant testimony of both the high quality of the securities and the excellent character of the municipal market in general. In addition, the seller obtained a handsome book profit in the operation.

It must be remembered too, that the tax-exempt feature on municipals is a valuable feature to a great number of investors, both large and small, who constitute the principal market for State and municipal offerings. Furthermore, with Federal taxes attaining the maximum possible peak, conservatively speaking, it is natural that this feature is additionally enhanced.

For this and other reasons, not the least of which is the strong investment characteristics of municipals generally, it is expected that any future selling by the life insurance companies or from other sources, will be absorbed by the market without causing any marked dislocation. This is predicated on the assumption, of course, that such selling will not assume unusual proportions and there apparently is no reason to believe that this will be the case.

In connection with the matter of tax-exemption, it should be added that as a result of last Tuesday's elections—which indicated in important degree voter realization of the need for conservatism in governmental management—the forces behind the Federal administration's drive for elimination of the tax-exemption on municipals, was materially weakened. An outstanding example of this fact was the refusal of Michigan voters to continue in office Senator Prentiss Brown, who was the spearhead of the abortive attempts of the administration to achieve its objective.

IBA Files Protest With SEC Against Price Disclosure Rule

The Investment Bankers Association of America, through its President, Jay N. Whipple, who is also a partner of Bacon, Whipple & Co., Chicago, announced on Nov. 2 its complete opposition to the commission's proposed bid and asked price disclosure rule, X-15C1-10. The Association made public the text of a statement submitted to the SEC, outlining in great detail the reasons supporting its conclusion that the rule is against the public interest, impractical and unworkable.

The statement was presented in two parts—the proposed rule in its general application, and in its practical application to State and municipal securities. The first phase of the report was covered in great detail in the "Chronicle" of Nov. 5. The second part, pertaining to the municipal field, appears in full text in today's paper.

For this reason, we shall only give in this column that part of the statement in which the IBA summarizes the reasons for its opposition to the rule as applied to municipal securities. This text follows:

1. It is believed that in the foregoing statement enough of the effects of the proposed rule have been shown to demonstrate that should it be adopted it would be injurious to:

a. The States and their governmental units which means public interest as a whole;

b. Investors—large and small;

c. The industry engaged in purchasing and marketing municipal securities and otherwise serving municipalties and investors.

2. In addition it has been shown that the proposed rule is unworkable and could not in practice be complied with. It would subject dealers to contingent liabilities, claims of rescission and burdensome additional operating costs which many dealers could not absorb or afford to risk. Such dealers would obviously be forced out of business.

3. Further, the proposed rule is clearly discriminatory as to "exempted securities" as defined in paragraph (a) (12) of Section 3 of the Law. Very properly, care has been exercised in the preparation of the rule to protect from its effects the markets for the securities of the Federal Government, its instrumentalities and agencies, yet by the application of the rule there would be instituted regulations which would detrimentally regulate and seriously impair the marketing facilities for the securities of the States, their subdivisions, instrumentalities and agencies, thereby adversely affecting the facilities of these units of our Government to finance their governmental functions.

4. In conclusion we reiterate that, in our opinion, the rule would be in violation of the intent and purpose of Congress in its enactment of the Securities Exchange Law as originally written and as subsequently amended.

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R. E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

Relatively Small Total Of Bonds Approved At Elections

Results of the local elections held Nov. 3 on proposals involving the creation of new bond issues indicated that voters generally were not disposed to deviate from their policy of recent years in refusing to assume additional tax burdens. As a matter of fact, it is apparent that this year the electorates were more than ordinarily tax conscious.

Outstanding examples of this fact were seen in the rejection of sizable bond issues proposed by the Cities of Baltimore, Md., and San Francisco, Calif. Voters in Baltimore rejected by a count of 3 to 1 a proposal calling for an issue of $32,000,000 water bonds and, in San Francisco, the plan to issue $7,950,000 revenue bonds to purchase properties of the Market Street Railway was defeated. The same fate was suffered by a large number of bond issues of much smaller scope proposed by other taxing units throughout the country.

Among the proposals approved was an amendment to the Texas constitution providing for a bond issue to liquidate the State's general fund deficit of more than $30,000,000. A companion provision of the amendment, however, is designed to guard against a future deficiency as henceforth the legislature is constrained to limit appropriations to funds available or in sight. The voters of Texas, moreover, turned thumbs down on another measure calling for a $2,000,000 building bond issue. The voters voters of Louisiana authorized a $5,000,000 institutional bond issue.

As a general rule, however, the trend was decidedly in opposition to new loans, a circumstance, incidently, of still another indication of a continuation of municipal bond borrowings on a sharply reduced scale.

Speedy Action Anticipated On Philadelphia Exch. Plan

The plan for refunding on a voluntary exchange basis of approximately $163,000,000 of outstanding optional Philadelphia bonds is expected to be made effective at a relatively early date. The program, which was presented to the city on Oct. 22 by Drexel & Co., Philadelphia, and Lehman Bros., New York, was approved Nov. 5 by the finance committee and favorably reported to the City Council. The latter body is scheduled to take final action in the matter on Thursday, Nov. 12.

At a hearing before the finance committee previous to its approval of the program, Edward Hopkinson, Jr., senior partner of Drexel & Co., had urged prompt action on the plan. Mr. Hopkinson stated that city bonds could be refunded now at a favorable interest rate, owing to the present relatively high level of the municipal market. But, he cautioned, there can be no assurance that efforts of the Administration at Washington will not be renewed to subject future issues of municipal bonds to Federal income tax.

This circumstance, together with the steadily mounting borrowing by the Federal Government for the prosecution of the war, may affect present low interest rates, he stated.

The refunding plan provides for the exchange of certain of the city's outstanding bonds, optionally callable between 1944 and 1953 and bearing interest at rates from 4% to 5%, for new bonds carrying the same rate of interest to the present optional call dates and at 3¼% thereafter.

The plan was referred to in greater detail in these columns on Oct. 29, page 1541.

Detroit Reports Debt Reduction Of $7,559,163

The City of Detroit, which is currently seeking bids to be received until Nov. 17 on an offering of $4,258,000 sewage disposal system revenue refunding bonds, effected a reduction of $7,559,163 in its net bonded debt in the period from July 1 to Sept. 30, the first quarter of its current fiscal year. This was shown in a recent report by Edwin C. Coughlin, Deputy City Controller, which gave the city's net bonded debt on Sept. 30 as $313,030,163, as against $320,589,327 on June 30 last.

Mr. Coughlin said accrued interest and unamortized premiums had not been recognized in arriving at those figures. He said that gross bonded indebtedness of the city on Sept. 30, exclusive of revenue non-faith-and-credit bonds, was $344,248,739. Against this total, there was $31,218,575 in sinking and redemption funds, which brought the net total to the $313,030,163 figure.

Mr. Coughlin's report showed that assets in the three divisions of the city sinking fund were larger than actuarial requirements, and that investments acquired for the account of the fund amounted to $8,247,000 in the three-months period ending Sept. 30. On that date, the city had cash of $31,562, $7,180, and $8,976 in the general city, street railway, and water divisions of the sinking fund, respectively. Investments totaled $9,231,054 in the general city, $7,162,000 in the street railway, and $14,780,738 in the water division.

On June 30, the city had cash of $850,873 and investments of $3,679,055 in the general city division of the sinking fund, cash of $139,261 and investments of $6,808,000 in the street railway division, and cash of $15,826 and investments of $14,084,739 in the water division.

The surplus in the various divisions of the fund above actuarial requirements on June 30 amounted to $3,956,450 in the general city, $4,500 in the street railway, and $1,831,878 in the water division.

Of the total investments in the sinking fund, $25,236,739 consisted of City of Detroit obligations. In addition to the investments made for the fund, $10,854,300 of City of Detroit bonds have been acquired for the accounts of the trust and retirement systems, bringing to $36,091,039 the city's grand total of investments in its own obligations as of Sept. 30.

Mr. Coughlin said preliminary figures indicate that the city had an accumulated deficit of approximately $5,000,000 on June 30. This amount, he said, was covered fully by deficit appropriations in the budget for the fiscal year 1942-43.

"The trend of revenues thus far in this period points to a completion of the current year's operations without current deficit, as well as elimination of the previously accumulated deficit," Mr. Coughlin added.

Insured Commercial Banks Reduce Municipal Holdings

The Division of Research and Statistitcs of the Federal Deposit Insurance Corporation, in a report dated Oct. 15 last, revealed that insured commercial banks throughout the country held an aggregate of $3,493,879,000 of State and Municipal bonds as of June 30, 1942. This represented a reduction of $57,402,000 from the comparable total of $3,551,281,000 at June 30, 1941.

Economies Noted In Survey Of Local Govt. Operations

Local governments have been forced by the war to operate with greater efficiency as well as economy, according to a summary reported by the International City Managers' Association. Wartime problems involving priorities, and shortages in manpower, materials and equipment have stimulated this development.

Improvements in operating efficiency reported by cities covered by the study—30, representing all population groups—include such methods as installation of new accounting and budget control systems, central purchasing offices to effect economies in buying governmental supplies, refinancing bonds at lower interest rates and retiring municipal debts to save interest costs.

More efficient operation of municipal motor vehicle equipment was reported by several cities, including installation of records systems to save on maintenance, gas and oil consumption and repair costs; servicing of equipment at night to keep it in use and save man-hours; requiring that city-owned cars be housed in the city garage at night and restricting use of the cars during the day.

Cities also, on basis of the Association's survey, are installing modern equipment where available to get more work done with fewer employes, and are operating refuse collection trucks in pairs so helpers will be busy loading trucks instead of riding to and from city dumps part of the time.

Methods of local governmental economizing, the study showed, include reducing amount of travel on official business, stricter control over sick leaves, repairing of motor equipment by the city instead of high-charging private garages, eliminating bill collectors by collecting delinquent accounts by mail, using auxiliary police for part-time traffic work, closing swimming pools and discontinuing municipal celebrations, festivals and band concerts.

The war itself can be credited with causing many economies in operation of local governments, according to the study. Most cities are saving on street light costs because of dim-out regulations and war time with its extra hour of daylight. Relief costs have decreased in many cities because of increased employment, while costs of public improvements and equipment are reduced or eliminated because materials are unavailable or projects are non-essential. Reduced travel because of tire and gas rationing, and the 35 mile an hour speed limit, have made it possible for many cities to release police traffic personnel for other duties and to eliminate now non-essential traffic signals and reduce operation of others.

States And Local Units Study Exemption Questions

The decline in property-tax revenue accompanying wartime conditions is causing State and local governments in various parts of the country to consider revising tax-exemption privileges of churches, charitable and educational institutions on land they turn to business use, according to the National Association of Assessing Officers.

Action by Louisville, Ky., was cited by the Association as an example of the move to restore such property to taxpaying status. The Louisville city

assesor has put on the tax rolls $4,000,000 worth of commercially used property owned by church, charitable and educational institutions, for tax billing next January.

Meanwhile the city attorney is preparing legal opinions relating to each of nine classifications into which the property is being placed. The city will attempt to show that it was not the intent of the constitution to provide for exemption of such property when it is used for strictly commercial purposes.

If the taxation is permitted, the city will receive $96,000. The largest parcel of property now exempt is a church-owned building used as a bus terminal and garage, assessed at $700,000.

In Washington, D. C., where district commissioners declared many institutions of this kind taxable during the past year, Congress now is considering a bill which would define exactly the exempt properties. Church property, for example, would include buildings "primarily and regularly used by its congregation for public religious worship," along with pastoral residences. Buildings belonging to and operated by schools and other educational institutions, to be tax-exempt, must not only be organized on a non-profit basis, but must "embrace the generally recognized relationship of teacher and student."

All 48 States grant some type of property tax-exemption to religious, educational and charitable institutions, the Association pointed out, though most State laws simply designate the exempt property and relieve the owner and the assessor of any responsibility for taking positive action.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

November 17

$2,274,000 Cincinnati, Ohio.

Offering consists of 50 individual issues of bonds held in the city's sinking funds.

$4,258,000 Detroit, Mich.

Previous bond offering on July 14, issue sold to syndicate managed by First National Bank of New York, Halsey, Stuart & Co., Inc., and Lazard Freres & Co. Runnerup in the bidding was the Bankers Trust Co. of New York group.

November 23

$2,500,000 Chicago Sanitary District, Ill.

In November, 1941, award was made to Northern Trust Co. of Chicago, and associates. A group formed by John Nuveen & Co., Chicago, was second high bidder.

State Insurance Taxes Penalize Policyholders

The thrift of all insurance policyholders who would seek to provide for their own security is being increasingly penalized by invisible special premium taxes, licenses and fees levied by the 48 States, the Insurance Department of the Chamber of Commerce of the United States reported on Nov 5. According to the Chamber a survey by the Department discloses that special insurance taxes amounted to more than $113,000,000 for the year 1940. This amount is 7% more than for the previous year and 100% greater than were similar collections in 1922 when the National Chamber first analyzed these taxes. The Chamber's Department says:

"These special insurance taxes constitute a heavy burden on insurance premiums and directly concern the nation's 66,000,000 life insurance policyholders, as well as those who use fire, casualty and marine insurance for the protection of property, personal injury or liability. It is further pointed out that these special taxes do not include levies made by counties and municipalities in many States, nor do they include Federal-State income taxes and the various other taxes which insurance bears in common with other business.

"The special insurance taxes are paid by the insurance companies and members of the insurance industry, but they are eventually reflected in premium rates and therefore are paid by the 'consumer' who is the policyholder.

"The thrifty individual who utilizes insurance to protect himself, his family and his property, therefore, bears this extra tax burden in addition to that which he bears in common with non-policyholders. Inasmuch as about 95% of the taxes collected by the States are used for purposes other than supervisory service to companies and policyholders, it is obvious that these special insurance taxes are discriminatory as between the insured and non-insured.

"Now when all of our people must support the war program with an enormous volume of direct taxes, it is particularly incumbent upon policyholders, not alone to prevent further increases in, but to take action to bring about reductions of, this burden of special and hidden insurances taxes."

Resigns As Curb Governor

Jess W. Sweetser, a class "B" Governor of the New York Curb Exchange since Feb. 13, 1940, tendered his resignation at a meeting of the Board of Governors on Nov. 4. Mr. Sweetser's resignation was necessitated by his increased activity in the war effort.

Is Your Business Vulnerable?

A Stock Retirement Plan financed by life insurance will assure the smooth passage of your business through the emergency resulting from the death of a stockholder.

Under this plan, the lives of stockholders are insured for the value of their respective holdings. Each agrees that in the event of his death, his stock will be transferred to the surviving stockholders, and his heirs will receive the proceeds of the insurance.

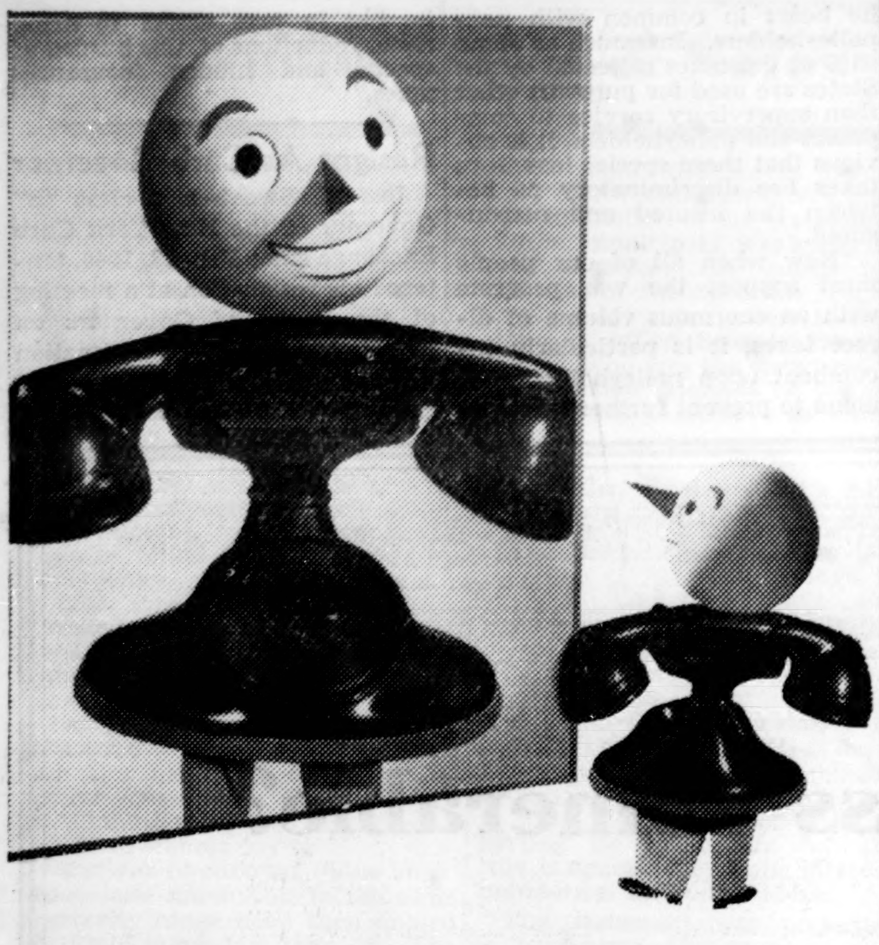
Thus the family of the deceased stockholder is fairly compensated. The survivors, whose interests in the business are increased in proportion to their present holdings, can continue without embarrassment.

A simple arrangement, isn't it? Yet what misfortunes have come from its neglect.

We suggest that you, as a stockholder, give serious thought to a Stock Retirement Plan for your own business enterprise. It goes hand in hand with efficient management.

A Massachusets Mutual representative will be glad to give you full information.

Massachusetts Mutual
LIFE INSURANCE COMPANY
Organized 1851
SPRINGFIELD, MASSACHUSETTS
Bertrand J. Perry, President



"If I were twice as big"

"Then I could give the public all the service it wants and take care of the war on top of that.

"But I can't get bigger now because materials are needed for shooting. So I'm asking your help to make the most of what we have.

"Please don't make Long Distance calls to centers of war activity unless they are vital. Leave the wires clear for war traffic."

BELL TELEPHONE SYSTEM

HOW DID WE GET THIS WAY?

(Continued from first page)

We play politics for years with unemployment and do nothing about the problem of the unemployable; neglecting also the fact that idle capital is just as unhealthy in our national economy as idle men.

We no longer refer to the poor but rather to the under-privileged, as though their condition was due to circumstances entirely beyond their control. Men are no longer considered essentially victims of their lack of capacity, their ignorance and bad habits, but rather the victims of exploitation.

We put the cart before the horse and formulate elaborate plans to raise wages, believing that high wages make prosperity instead of prosperity making high wages.

The term **capitalism** is being replaced by the word **management**, as though they were synonyms, and as though capitalism had an evil connotation or could be used as a pejorative. Capitalism is a rational as opposed to an emotional or mystic economic system; management, a function of judgment, is the highest form of labor, which is not restricted solely to the use of the muscle.

Our pioneer forefathers are no longer considered sturdy individuals who hewed an empire out of virgin forests and reclaimed sun-scorched prairies. They were, in the vernacular of the apostles of the new order, robber barons who despoiled the poor and ruined the land, leaving us a country without new frontiers, excepting those to be created by bureaucratic planners who believe that they can, Joshua-like, command the sun to stand still in the economic heavens. It is true that they wasted some resources but they created a Nation, something which our oratorical reformers, so amply blessed with the gift of hindsight and gab, never did nor can do.

Our civilization is no longer regarded as a magnificent accomplishment; our genius and the progress we have made are not now matters of pride. To have been even moderately successful is a social crime; to have displayed any degree of foresight or acumen is a spiritual blemish; to have advanced even a slight degree beyond mediocrity is a sin against our fellow-man.

Our history is being re-written to prove that all that we have done has been done wrong; that the results have not been worth while; that our institutions must be destroyed because we have not as yet reached perfection. Theory is replacing fact and assertion taking the form of proof.

That a decade of political propaganda by men who have given no evidence of their own ability, except inasfar as they realize that a social order must be discredited before it can be overturned, could have produced the present attitude of such a large portion of our solid citizenry seems to be due to six factors:

1. Failure to understand the real nature of man.
2. Failure to understand the laws of his development.
3. Failure to understand the fundamentals of economics and the meaning of history.
4. Failure to understand that a large proportion of the population of even the most civilized nations is not itself civilized; that it resists and resents the processes and responsibilities of civilization while it envies and endeavors to appropriate the rewards; that it is not only in revolt against the status quo but against progress. The accretions of culture have been more rapid than the erosion of barbarism. The existence of barbarians within has always made possible the overthrow of a high civilization by barbarians from without.
5. Failure to understand that all social organisms include the law of change but that progress depends upon change being in the right direction; that civilization is not a football game to be controlled by signals of an erratic quarterback and the exhortations of an amateur coaching staff; that only an extension of intelligence resulting in an increase in moral goodwill offers a solution of social problems.
6. Failure to realize that capital in its full sense is nothing more than labor accumulated through self-denial; that it is the only force by which a technological civilization can be maintained and carried on; that without such a civilization the population of the world could not be maintained; that capitalism, although used as a generic term of abuse by pseudo social philosophers, describes the only true synergistic system.

Colorado & Southern And The McLaughlin Act

(Continued from page 1699)

ing of first preferred, second preferred and common shares. are undisturbed under the plan. However, during the period of interest modification, net income remaining after payment of all charges must be utilized for the retirement of system debt or replenishment of working capital. Discretion as to the direction of the use of these earnings is vested in the RFC.

Ownership of 70.7% of all classes of Colorado & Southern stock lies in the Chicago, Burlington & Quincy, which operates and controls the company. While the plan does not immediately provide for any change in control of the Colorado & Southern, it does provide that holders of a majority of the refunding mortgage bonds and holders of a majority of the general mortgage bonds outstanding in the hands of the public may each demand the election of two representatives to the board of directors. Also, in the event that contingent interest is not paid on the refunding mortgage bonds, the RFC (so long as it holds a majority of these bonds outstanding), shall have the right to a majority of the board of directors.

What the Court Must Find

Section 725 of the McLaughlin amendment to the Bankruptcy Act requires the court to find that the plan will

"(a) Afford due recognition to the rights of each class of creditors and stockholders and fair consideration of each class adversely affected and (b) *will conform to the law of the land regarding the participation of the various classes of creditors and stockholders. . . .*"*

The question posed here is whether the terms of the plan come within the framework of the Act so as to permit the court to make such a finding. More specifically, do the interest modification provisions, in the absence of any real sacrifice by the equity holders, preclude the possibility of such a finding?

Problem of Interest Modification

Consider the matter of the reduction in interest on the general mortgage bonds and the non-cumulative feature of the contingent interest provisions.

In the Baltimore & Ohio readjustment under the predecessor Chandler Act, it may be recalled, two cuts in interest were effected. The rate on the RFC loan was changed from 5% to 4% and the coupon on the secured 4½% notes of 1939 was cut to 4% in conjunction with a maturity extension of five years.

In approving the B. & O. plan, the court declared that, inasmuch as the RFC had accepted the interest reduction on the road's note, it did not see fit to further discuss this point.[2] In the case of the secured notes, however, the court observed "that we are dealing here with an issue the principal of which has matured, and therefore *somewhat different considerations apply than in the case of future maturities.*"*

Note the differentiation by the court between matured and unmatured issues. By implication, the court appears to have entertained some doubt as to whether the reduction in the interest rate of an unmatured obligation would have satisfied the requirements of the Act that the B. & O. plan "conform to the law of the land."

In a later passage, discussing the reduction in fixed interest on certain junior securities, the court remarked that "*there is no absolute reduction of interest on any of the affected issues* (with exception of the five-year 4½% issue and the Reconstruction Finance Corporation loans which have been above mentioned), *but only a postponement of the interest thereon made contingent* * until actually earned, or until maturity of the principal of the issues, if the contingent interest is not sooner paid."

Here we have an expression by the court which, while sanctioning a *postponement* of interest, would appear to disapprove an *absolute* reduction. In the Colorado & Southern plan, unearned contingent interest on the general mortgage bonds is waived through the use of a non-cumulative feature, and this is essentially an absolute reduction rather than a postponement.

Furthermore, recent discussion would appear to cast some doubt as to whether the interest reductions effected in the B. & O. case, even in the case of a matured issue, could now be judicially approved.

The Rule of Absolute Priorities

In testimony presented last August to the Senate subcommittee considering the McLaughlin amendment to the Bankruptcy Act, this very question was raised. One witness expressed his belief that, were the B. & O. plan now to be presented to the Supreme Court, the latter would hold it contrary to the *Consolidated Rock Products*[3] case, because there was not sufficient compensation given by the stockholders.

Another witness, testifying before the House subcommittee on the same measure, also called attention to the rule of absolute priorities embodied in the line of Supreme Court decisions beginning with the *Boyd*[4] case and going down to the *Los Angeles Lumber Products*[5] and the *Consolidated Rock Products* cases. Any plan for the reorganization of a railroad or readjustment of its capital structure, it was pointed out, must adhere to the principle enunciated in these cases. In other words, if the interests of the creditors are affected adversely, and the stockholders retain their interest in the property, the latter must provide compensation to the bondholders for concessions which the bondholders make. Otherwise, it was concluded, the plan would not be legal.

A pertinent observation is also found in an article on "The Voluntary Adjustment of Railroad Obligations," by Hubert L. Will, which appeared in the summer, 1940, issue of "Law and Contemporary Problems," a publication of the Duke University School of Law. According to Mr. Will, "One other element which will affect the character of voluntary plans of which court approval is to be sought is the 'fair plan' doctrine familiarly known as the doctrine of the *Boyd* case, or, lately, the *Los Angeles Lumber Products* case. Since voluntary plans are not likely to involve any reduction of stock interests, the rule of absolute priorities enunciated by these cases will *prohibit reductions in principal or interest*

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*Italics ours.

[2] 29 F. Supp. 608.

*Italics ours.

[3] 312 U. S. 510.

[4] 228 U. S. 482.

[5] 308 U. S. 106.

*of secured claims without adequate compensation therefor . . ."**

Compensation to Boldholders By Stockholders

In the Colorado & Southern plan, the general mortgage bondholders are asked to take a cut in interest and to permanently surrender their claim to that part of the contingent interest which may be unearned. Stockholders, on the other hand, are surrendering their rights to dividends, inasmuch as all excess earnings are to be applied to debt retirement and replenishment of working capital. However, this reinvestment of earnings in the carrier is not without benefit to the stockholders, since it improves their equity in the property. Of additional benefit to the stockholders, and involving similar sacrifice by the general mortgage bondholders, is the provision requiring satisfaction of the capital fund before contingent interest can be paid.

In view of these facts, is it accurate to state that the debtor is not securing benefits at the expense of its creditors? Does the surrender of dividend rights by the stockholders constitute sufficient compensation to the general mortgage bondholders? After all, the bondholders are making a real and actual sacrifice while the stockholders are merely surrendering a prospective right to dividends. In this connection, it may be noted that no share disbursements have been made since 1931.

It would seem as though the continued participation of the stockholders is being maintained while creditors are sacrificing some of their substantive rights. Accordingly, a good measure of doubt exists as to whether the plan conforms to the principle of absolute priorities which is the "law of the land."

As the Supreme Court expressed itself in *Louisville Trust Co. vs. Louisville, N. A. & C. Ry. Co.,*[6] cited with approval in the *Los Angeles Lumber Products* and *Consolidated Rock Products* cases, "any arrangement of the parties by which the subordinate rights and interests of stockholders are attempted to be secured at the expense of the prior rights of either class of creditors comes within judicial denunciation."

Under a strict interpretation of the McLaughlin Act, there appears to be adequate basis for questioning the legality of the Colorado & Southern Plan of Adjustment. Nevertheless, it is possible that the special three judge court may adopt a different attitude. It may view the legislation constructively rather than literally, and may feel that it was the intent of Congress, through the McLaughlin Act, to cure certain railroad problems, of which the Colorado & Southern is one. Such an attitude, coupled with expediency, might result in a favorable judicial decision. Supreme Court review, however, might be granted to some non-assenting general mortgage bondholder.

Finally, it may be observed that Section 721 of the McLaughlin Act gives the special three judge court the power to modify the plan. Modifications adopted by the court do not require resubmission to the Commission providing they do not substantially or adversely affect the interest of any class or classes of creditors.

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[6] 174 U. S. 827.

*Italics ours.

Gordon Billard With Navy

J. R. Williston & Co., 115 Broadway, New York City, announce that Gordon Youngs Billard, partner in the firm has been commissioned a Lieutenant (senior grade), USNR, and has been ordered to report for active duty immediately. The firm has granted him a leave of absence and looks forward to the time when he will be able to resume an active interest once again.

UP-TOWN AFTER 3

MOVIES

Hollywood has produced many a war picture. Some were serious and good. Others intending to be funny often turned out to be nothing but models of bad taste. These so called comedies not only proved box office flops but, what may have proved more important, harmed the entire industry. A sence of humor is one thing but to poke fun at what too often is stark tragedy, is another. It wasn't until RKO released **"Once Upon A Honeymoon"** that a movie company came up with a story that knows not only when to be funny but also when to be serious. Its amusing situations are high comedy at its best. Its descriptions of the heart wringing sufferings of the non-Aryans who find themselves at the mercy of the Herrenvolk is handled with sympathetic understanding. The story involves Katie (Ginger Rogers), ex-burlesque stripper from Brooklyn, posing as a Philadelphia blue blood, who marries the Baron Von Luber (Walter Slezak), one of Hitler's "commercial travellers." American correspondent and radio reporter in Vienna, Pat O'Toole (Carey Grant), suspects the Baron of being what he is and tries to pump Katie. She, bored and disinterested, refuses to say anything. As Hitler enters Vienna, the couple leave for Prague with Pat in hot pursuit. Eventually the Baroness and the American become friends, particularly when they are both trapped in Poland by the German army. Kate leaves her husband, and joining Pat, heads for Paris. There are a lot of other complications and situations too involved to go into here. But where they don't pull at your heart strings they convulse you with laughter. The dialogue is fast, witty and always interesting. Leo McCarey, who produced and directed **"Once Upon A Honeymoon,"** has done an outstanding job. That both Miss Rogers and Carey Grant give excellent performances is by now the expected. But one of the best jobs is turned in by Walter Slezak, a newcomer to the screen. His portrayal of a Nazi, who for once is not a jibbering idiot, but a ruthless, scheming, suave scoundrel, is first rate. The performances of Albert Dekker, Albert Basserman, Ferike Boros and others contribute to making **"Once Upon A Honeymoon"** one of the finest pictures of its kind.

"Seven Sweethearts" (MGM) is one of those fairy tales about a newspaperman with an unlimited expense account who meets such interesting people. In this case it's Van Heflin who gets the assignment to take pictures of the tulip festival in a Michigan town. He arrives to find all the inhabitants outside their doors piping on clarinets, oomphing on bass horns or otherwise disporting themselves as part of their rehearsal for the festival. Heflin puts up at a hotel run by S. Z. Sakall and staffed by his seven charming daughters, among whom are Kathryn Grayson and Marsha Hunt. These girls have a problem. They're all in love and want to get married but can't until the eldest, Marsha, takes the dive first. So Heflin is elected. But he, with the wisdom of a Solomon picks the youngest, Kathryn Grayson. For a while it looks like nip and tuck but in the end both Van Heflin and Miss Grayson get together. It's a delightful piece of escapism which reminds you of ice cream sodas, sweet ones. One is nice, two won't be bad, but seven just gives you a bellyache.

AROUND THE TOWN

If you'd like something different, see **"Conrad You Dastard,"** produced and acted by the youngsters who make up Leo Shull's **"Genius, Inc." (109 W. 45th)**. If you approach this with a come-on-and-amuse-me attitude, better save your money ($1.10—beer and pretzels on the house). But if you go there with a group prepared to hiss the villain, to cheer the hero and the heroine, not to mention singing between the acts, you'll enjoy yourself. . . . **The Pierre (Fifth Ave & 61st)** has a new show featuring the daughter of one of Mexico's leading politicians. But tired of dancing girls I stayed on a bench in the lobby to see the real show—the people who come there. Incidentally, if you'd like to see what before the war used to be described as the Continental Set, disporting themselves, drop in at the Pierre. Almost every male I saw seemed to be suffering from unilateral astigmatism. Monocles evidently being the only cure. Greetings were not those casual affairs. No siree! ! It was "My deah-deah countess, how chahming you look! And what a lovely gown! You must, you simply must, give me the name of your couturier. The Baroness de (apparently his wife—or something) would love to have it! !" Of course, the whole thing is accompanied by a graceful lift of the lady's paw to the gentleman's lips. This delightful scene is repeated time and again so when a plain American comes into the place and sees it he is abashed. Under different surroundings he might laugh and hoot but not in the Pierre's Cotillion Room. It's very grandeur and the expanse of starched white shirt fronts, monocles, not to mention the sables and minks, scare him into speechlessness. Inside the room proper caste against comes to bedevil you. If you're one of the elect you are shown to a table on the main floor by the salaaming maitre d'hotel. If you're just folks you get a waiter who leads you to the balcony where you may sit and ponder on the quality below you who disport themselves like ladies and gentlemen. But don't think because you're in the balcony you won't pay as much. For when the bill comes around, brother, you'll find out different. Of course no opening at the Pierre would be complete without that demon keyhole looker-inner for the N. Y. "Daily News," Danton Walker. And there he was sitting with the Pierre's very own Ware Lynch, who aspires to the name of "Scoop." Yes sir! Life in a New York at war is just one merry round after another!

The Penthouse Club
30 CENTRAL PARK SOUTH
Adjoining The Plaza

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

Entertainment after 11 P. M.

Telephone PLaza 3-6910

About Seaboard Air Line

The current situation in Seaboard Air Line Railway Company is considered in some detail in a new circular just issued by Van Tuyl & Abbe, 72 Wall Street, New York City, in view of the fact that the reorganization of the Railway will probably not be consummated as early as previously anticipated. Copies of the circular may be had from Van Tuyl & Abbe upon request.

What *Every Woman* wants to know about a Man . .

. . . that he chooses flowers for her, and Old Schenley, *America's mildest bottled in bond*, for his guests!

First in Quality
OLD SCHENLEY
America's Mildest
BOTTLED IN BOND

Milder! . . Older! . . Better!

Straight Bourbon Whiskey — 100 Proof — This Whiskey is 6 Years Old.
Stagg-Finch Distillers Corporation, N. Y. C.
SIX 6 YEARS OLD
BOTTLED IN BOND
OLD SCHENLEY
Straight Bourbon Whiskey

Investment Trusts

(Continued from page 1703)

"It would no longer be necessary periodically to remodel the law in order to keep abreast of rapid changes in the fields of industry and investment.

"It would be possible to obtain some measure of protection against ever-present hazards of inflation.

"Trustees would be in a position to obviate the threat of heavy depreciation in bond values through changes in interest rates by providing broader investment diversification.

"It would be possible to increase present low income returns in legal trusts so as partially to offset higher costs of living and higher taxes."

* * *

Selected American Shares are discussed in the latest issue of "Selections" in terms of estimated 1942 earnings and post-war refunds. The 20 common stocks in the portfolio which are included the Standard & Poor's recent list of estimates are taken as a basis for comment.

"In the proportions which these stocks were owned by Selected on 9/30/42, the estimated over-all decline in earnings from 1941 to 1942 on these particular issues is only 19% (without including the post-war refunds).

"If the post-war refunds were included in 1942 estimated earnings, the over-all decline from 1941 to 1942 on these stocks (in the proportions actually owned 9/30/42) would be only slightly over 2%. However, the actual 1941 earnings are after special reserves in some instances, and the 1942 estimates are before such reserves.

"If the actual 1942 results correspond only roughly with these estimates, the earnings decline will be nowhere near as severe as some of the more pessimistic had predicted earlier in the year, and will still leave earning power of these issues at relatively satisfactory levels."

* * *

"Is it time to consider utility common stocks?" asks the Nov. 5 issue of National Securities & Research Corporation's "Investment Timing" service. Prices at recent lows are compared with the 1932 lows. Industrial stock prices at their recent lows were 125% above 1932; railroad stocks at their recent lows were 76% above; but utility stocks were 32% **below** 1932. Rate control, Federal competition, Government disfavor, war conditions and earnings are listed as reasons for this inferior behavior. The conclusion is that utilities are no longer at such an earnings disadvantage as compared with other classes of stocks and that greater consideration should be given this field in seeking well-placed individual issues.

National Securities & Research has announced its annual turkey contest. All sales of National Securities Series and First Mutual Trust Fund will be taken into consideration in determining the awards. Salesmen who sell a minimum of $2,000 between Nov. 1 and Dec. 31, 1942 are eligible for cash prizes computed at the rate of ¼ of 1% on all orders received.

* * *

"To get the full benefit of a rising stock market while retaining the income protection of bonds," Distributors Group advises consideration of the Investing Company Shares of Group Securities. Points involved are elaborated in a four-page folder. The market action of the Shares this year is given as confirmation of their characteristics. Here is the record:

1. From the beginning of January to the low of April the Dow-Jones Industrials declined from 110.96 to 92.92, or 16.3%. Investing Company Shares declined from $2.34 to $2.02 or 13.7%.

2. From the low of April to Nov. 4, the Dow-Jones Industrials moved up to 114.56 or 23.3%. Investing Company Shares advanced to $3.67 or 81.7%.

* * *

The current issue of "Brevits" comments on dividend reductions, taking for its authority recent figures of the New York Stock Exchange. During the first nine months of 1942 estimated dividend payments totaled $1,341,422,000, as compared with $1,470,124,000 in the corresponding period of last year. This represents a reduction of only 8.8% which, in view of the extreme fears of investors, is of modest proportions.

S. F. Reserve Bank Has New Directors

The Board of Governors of the Federal Reserve System announced on Oct. 28 the appointment of H. R. Wellman, Berkeley, Cal., as a Class C Director of the Federal Reserve Bank of San Francisco for the unexpired portion of the term ending Dec. 31, 1942. Mr. Wellman is a member of the faculty of the University of California where he is Director of the Giannini Foundation and Professor of Agricultural Economics.

The Governors of the Reserve System also announced on Oct. 30 the appointment of William H. Steen, Milton, Ore., as a Director of the Portland Branch of the Federal Reserve Bank of San Francisco, for the unexpired portion of the term ending Dec. 31, 1942. Mr. Steen is the owner and operator of a wheat and livestock ranch.

Price Disclosure Rule Would Handicap Local Governments In Borrowing Operations, Says IBA

(Continued from First Page)

kets for municipal securities as a whole. In fact it is probable that in the instances of some municipalities the market for their securities would be almost entirely destroyed. Various practical operations in the purchase and distribution of municipal securities set forth later on in this statement will, we believe, serve to illustrate the effects.

Investors

Clearly, the above mentioned adverse market effects would bear directly upon investors. Any rule or regulation that would tend to restrict the marketability for securities would have direct and seriously detrimental results upon investors—individuals, banks, insurance companies, fraternal associations, pension and benefit funds, and all investing institutions—not only detracting from ready salability and market value, but also jeopardizing the position of securities held as collateral and their usefulness as security for obtaining future loans.

Public Interest

The above reflects public interest as well as that of investors. Additionally, from the standpoint of public interest the cost of original municipal financing would be increased, thus increasing the annual tax levy or other rates necessary to meet debt service. There are not only the burdens of the rule in the first instance upon original financing, but it will be recognized that any sustained impairment or injury to the secondary market has comparable bearing upon future original financing.

In instances of smaller municipalities whose marketing facilities would be most seriously impaired, the citizens of such municipalities would be unnecessarily handicapped in financing essential public improvements and facilities. Onerous restrictions would limit and in some cases largely inhibit constructive municipal progress.

Effect On The Industry

Inasmuch as dealers in municipal securities are the medium through which purchases and sales are made, and through whom the effects would focus, it is pertinent and practical to ascertain the effect that the application of the ruling would have upon such dealers.

We submit that a great many dealers would be forced out of the municipal business. They would be unable to risk the liabilities that would confront them and they could not meet the increased costs and other burdens resulting from attempts to comply with the rule. In the main this increased cost would have to be passed on to the issuing municipalities and the investors. Nevertheless, there still would remain risks of contingent liability, claims of rescission and other costs from which the municipal dealers could not escape.

Dealers located outside of the financial centers would encounter almost insurmountable difficulties. Yet, it is just such dealers throughout the country that carry on the purchase and sale of the issues of numerous small municipalities. Often the amounts are limited, ranging from $10,000 to $50,000. Deprived, however, of the customary dealer outlet, these municipalities would, as a rule, find it most difficult to market their issues. To the people of these small municipalities, the disposition of their securities is as important and essential to them as is the disposition of the large issues of metropolitan areas to their citizens.

New Issues

We previously called attention to the fact that any sustained impairment or injury to the secondary market affects subsequent new security financing. It is inescapable that the proposed rule would be injurious to the secondary markets for municipals. It is noted, however, that the rule would place a burdensome impact upon municipal financing right from the start.

As applied to municipal securities, the proposed rule would exempt transactions occurring in the course of a public offering of any such securities by the **issuer** thereof. It does not, however, exempt dealers underwriting and distributing such issues.

It would appear to be entirely impractical and unnecessary as well as a disregard of the manner in which the municipal business has been conducted over a long period of years to try to enforce such a rule in connection with dealers who underwrite and distribute new municipal issues and other dealers who assist in that undertaking.

Amplifying this contention, we submit that the largest part of the municipal business consists of the purchase by dealers of new issues from municipalities and the immediate offering thereof to the public. Furthermore, a large majority of such new issues are sold by the issuer at public sale on competitive bidding. The principle of competitive bidding prevailing for many years in the municipal field is the very one which the Commisison is now requiring of the utility companies in the sale of their securities. One of the most important factors in the practice of competitive bidding, and in fact its very foundation, is that the securities will be offered to the public for a period of time (usually 30 to 60 days in the municipal field) at fixed prices. This is definitely recognized in the proposed rule under (d) (1) applying to corporate securities which exempts "any transaction in a security during the 30-day period following the date on which the security is first publicly offered. . . ."

In bidding for municipal issues, it is the practice of the bidder to determine the price or prices (and most municipal issues have serial maturities involving a scale of prices) at which in his opinion the bonds can be sold publicly, then the expected profit and expenses are deducted and the bid to be submitted is thus determined. Furthermore, the high bidder (and of course in the case of large issues there may be a group consisting of several dealers and in some cases many dealers) invests his own money or his own credit in the purchase of the issue with the expectation that the bonds will be offered and sold at the price or prices used as the base in determining the bid.

Following the initial offering there may be changes upward or downward in the general market, which might theoretically indicate to any other dealer not owning the issue that the bonds are worth more or less than the fixed offering price. Nevertheless, the bonds are generally available for sale only by or through the owner at the fixed price during the offering period. The dealer's judgment of the market value of the security at the time of bidding is confirmed and his profit in the transaction is determined by his ability to resell the bonds at the offering price. In the course of such a process there could be no value to or necessity for the "best independent bid and asked prices" on each side of a portion of the issue. Furthermore, the idea presumably advocated by the rule is adequately fulfilled in such a transaction by the best bid at the sale, which is a matter of public record, and the fixed offering price or prices which are the basis for determining the bid.

Impractical

The impracticability of complying with the proposed rule and the bedlam that would result in the distribution of substantial blocks of bonds may be observed in the following illustration. Consider for instance a new issue of 25 or 30 million dollars of New York City bonds with 30 maturities, two or three different interest rates and several different purposes. Most of the maturities would carry a different price, and additional price variances would likely be found among the different interest rates. Every sale to a customer would require a check by the dealer making the sale as to the required independent bid and asked prices.

With some 30 to 40 dealers in the underwriting group and other dealers in various parts of the country assisting in the distribution, and with hundreds of sales to customers, of varying maturities and rates, being made at intervals every day for several days or more, just what would be the result? The answer is obvious—just plain bedlam. The dealers when going through it could undoubtedly describe the effect in much more expressive language.

The comparatively recent offering of the City of San Antonio, Texas, Electric and Gas Revenue issue offers another illustration of the problem. There are $33,950,000 of bonds in the issue, three different interest rates, 29 separate maturities and 19 different prices. In this issue there is also the factor of the right of redemption prior to maturity. The bonds are subject to redemption prior to maturity at the option of the city, on not less than 30 days' published notice, either in whole, or in part in inverse numerical order (as to bonds maturing in 1972, on any interest payment date, and as to bonds maturing in the years 1948 to 1971 inclusive, on Aug. 1, 1947, and on any interest payment date thereafter), at par and accrued interest to the date fixed for redemption, plus such premium not greater than 5% as will be equivalent to ¼% for each year or fraction thereof intervening between the date fixed for redemption and the stated maturity date.

Other Distribution

The problems apparent in the above illustrations are not limited to new issues but would apply with corresponding force and effect to other transactions where dealers purchase from institutions or other investors, a sizable block or blocks of municipal bonds which the holder wishes to sell and the dealer must distribute.

Further Limitations in Distribution

A further narrowing effect would follow with respect to the scope and extent of distribution in the municipal market. Dealers working in their respective fields in placing bonds which are owned and being offered by others would be unable to contribute to this form of valuable distribution if they were subjected to the liabilities, rescissions and added costs which the rule would impose. This work contributes considerably in developing and broadening the placement of issues among investors, thus making for a broader market in both original financing and in subsequent placements or secondary markets. Such widened distribution is not only helpful but of material value to the issuing municipalities.

Variance of Factors in Municipal Securities

Municipal securities vary materially in particulars, character and security background. Such variances, of course, have their effect on the worth of the securities and in the marketing of them.

For instance in the State of Ohio, municipal bonds may be payable from unlimited taxes, taxes within the 15 mills limitation, and taxes within the 10 mills limitation. A block of such bonds coming into the market may have any combination of these factors or be combined with special assessments or utility earnings or be supported by utility earnings alone. There are also bonds secured solely by delinquent taxes—delinquent taxes levied outside of the limit—delinquent taxes levied within the 15-mills limitation, and delinquent taxes levied within the 10-mills limitation and/or special assessments.

Mahoning County, Ohio with a population of about 240,000, of which Youngstown is the county seat, has approximately $4,500,000 of bonds outstanding. These are divided into 22 different issues with seven different purposes, 13 different interest rates, and many different maturities. Considering the interest rates, purposes and maturities along with security factors (varying taxing provisions or other medium of payment) it has been estimated that there are over 576 different possible factor combinations to be given consideration in the measurement and marketing of the securities of that county. Incidentally, in Mahoning County bonds, utility earnings are not involved such as is frequently the case in the issues of other municipalities.

In the instances of larger units in Ohio, the number of factor combinations would be even greater. A dealer bidding for such bonds must determine and evaluate such of these factors or combination of factors as may exist in the block or blocks of bonds under consideration. The bid he arrives at represents the measurement and appraisal of an exceedingly large number of tangible and intangible factors.

Let us consider for instance the obligations of New York City. Its bonds do not have the varied factors of security background that are found in Ohio municipal issues and in those of various other states, yet there appears in the book "Valuations of Securities" issued under the supervision of the Valuation Committee of the National Association of Insurance Commissioners, several hundred valuation items for New York City securities. In the 1941 edition 531 valuation figures, ranging from 91 to 180, are listed under the heading of New York City alone.

With so many different price factors affecting practically the same security as is the case of New York City, it is apparent that with some 175,000 municipal entities in this country having the legal right to issue bonds, many of which have obligations outstanding, the multiplicity of issues with a wide range of maturities, rates, security background, local conditions, and other factors precludes any possibility of practical compliance with the rule. Even within a narrow field, the best independent quoted prices might be obtainable through one dealer as to a certain maturity or maturities and through another dealer in the same city or located elsewhere as to some other maturity or maturities of the same block of bonds being bought from or sold to the customer.

Variance in Views

The views of dealers as to the market value of municipal securities vary, and in certain issues quite materially.

It is a matter of independent judgment. A recent sale of a small block of bonds may serve to illustrate.

The City of New Boston, Ohio, publicly advertised for sale on Aug. 10 this year, $41,900 refunding bonds of the City. The bonds mature serially Nov. 1 in each of the years 1943 to 1954 inclusive, and are payable from ad valorem taxes of which 23% is limited to within the 10 mills constitutional limitation, and the balance or 77% may be levied, if necessary, beyond all limitations. The City contracted to furnish the successful bidder with a marketable opinion approving the legality of the issue which, of course, is another important factor in municipal transactions.

According to the published report the City received on August 10th four bids for the issue as follows:

100.637 for the bonds as 2¼s
100.38 for the bonds as 2½s
100.66 for the bonds as 3s
100.40 for the bonds as 3¼s

These bids were in each instance made by houses of long experience in the municipal business. The difference between the high and low bid was over 7 points thus reflecting the difference in dealer views as to the market value for this particular block of bonds. The offering of the issue by the successful bidder was at a different price for each of the 12 different maturities.

Another example that will serve to illustrate the point is a block of Richland County, South Carolina bonds which was also broadly advertised for public sale on August 4th last. This county includes Columbia, the capital of the State. The issue totaled $200,000 unlimited ad valorem tax bonds issued for hospital purposes. The bonds mature serially August 1st in each of the years 1493 to 1962 inclusive. A marketable legal opinion was to be furnished the successful bidder. According to the published report the high bidder paid 100.515 for the bonds as 2s. There were other bids for the bonds also by experienced houses including one by a large well-known dealer at a price of 101.053 for 2½s. The difference between this bid and the high bid is approximately 5 points.

No Central Point for Independent Prices

Independent "bid and asked" or "bid" or "asked" prices are not readily available in some central place in the municipal markets as may be the case in the recorded auction markets. The field in which to endeavor to obtain such independent prices in the municipal market is practically limitless. A check through hundreds of dealers located in various cities might well fail to evidence the best independent figures. The search would necessarily have to be through the telephone, teletype or telegraph. The cost involved would be tremendous in both money and man-hours. It would be prohibitive.

A Chicago dealer trying to ascertain the best independent prices for a bond of a small town in Florida would obviously have to contact Florida dealers. A New York house endeavoring to ascertain the required figures relating to the bonds of a small municipality in Utah would in all probability have to make contacts with dealers in Utah, Colorado and California and possibly in the State of Washington.

Consider for example a dealer located in a city in Texas, California or the Pacific Northwest. A customer wishing to sell some of his holdings and desiring his money promptly calls upon the dealer to purchase $10,000 of his bonds as follows:

$3,000 Miami, Florida Refunding 3½s due serially July 1, 1955, 1956 and 1957.
$3,000 Dayton, Ohio Bridge 4¾s due serially September 1, 1949, 1950 and 1951.
$4.000 Detroit, Michigan Bonds
  $2,000 Street Ry. 5½s due August 1, 1950.
  $2,000 Refunding 3½s due January 1, 1954 and 1955.

For the purpose of illustration, let us trace this transaction in some detail under the proposed rule. The dealer must first furnish the customer from whom he purchases the bonds with the best independent "bid and asked" or best independent "bid" or "asked."

As to the Miami, Flordia bonds the best independent figure may be found in Miami or New York or it might at that particular time be in Jacksonville, Florida, Chicago or perhaps elsewhere. The best figure at the time for the Detroit, Michigan bonds may be in Detroit, Chicago or New York and as to the Dayton, Ohio bonds some dealer in Dayton, Columbus, Cincinnati, Cleveland or Toledo may have it or it may be in New York or Chicago. A check with a substantial number of dealers in each of the above cities might not reveal the best figure. Having missed it at the time, as might be subsequently evidenced, the dealer might well find himself in difficulty through rescissions if nothing else in spite of the fact that he had, in his opinion, exercised reasonable diligence in the undertaking.

The dealer has, however, only started on his work in this transaction. He must distribute the bonds. He works to do so within his field of operation. He may sell the three Miami, Florida bonds within a few days, and must then proceed with the same check as to the best independent "bid and asked" etc. as to those bonds in order to furnish that customer with the required information. Within the next several days, the dealer may be successful in placing the $2,000 Detroit, Michigan Refunding 3½s at which time he must again go through the same motions with respect to these bonds. A few days later he may succeed in distributing the $3,000 Dayton, Ohio bonds and must again go through the work of attempting to check that market at its various points in order to furnish the information to that customer. At some subsequent date the dealer succeeds in placing the remaining $2,000 Detroit bonds, the Street Ry. 5½s, and here again he is confronted with the same expensive and laborious task in his attempt to locate the best figure for that customer.

As has been previously pointed out the cost in money and man hours of such an undertaking would be tremendous and prohibitive. In addition to the cost of seeking to obtain the best independent prices there is the cost of recording the information. Paragraph (c) of the proposed rule reads:

"Records to be kept. Every dealer who makes a disclosure pursuant to Paragraph (a) (1) of this rule shall make and preserve a record of (1) the information so disclosed; (2) the date and time as of which such bid and asked prices were current; (3) the sources of the information disclosed; and (4) the date and time such information was obtained."

Further, there are the contingent liabilities which the requirement would impose upon the dealer and the risks of claims of rescission with respect to each transaction.

Bid and Asked Prices

Independent bid and asked prices do not necessarily evidence or reflect the actual price at which municipal securities can be bought or sold. Such quotations are in the main nominal and are not firm prices. There is also the factor of confusion through the unavoidable intermingling of wholesale and retail prices.

A rule requiring the disclosure of the best independent bid and asked prices on a municipal transaction appears to disregard the fact that municipal dealers are principally engaged in a merchandising business and not in a trading or brokerage business. As has been pointed out the merchandising of municipal securities consists of the dealer purchasing bonds for his own inventory and with his own funds or credit and the subsequent offering of the bonds to his clients and prospective customers at a fixed price which will show him a profit.

In the process, when a dealer is asked to make a bona fide firm bid for any particular bonds he must determine his price upon the consideration that he is investing his own money in the purchase of the bonds for his own inventory and risk. Upon his knowledge of the security and the requirements of his customers or prospects, as well as general market conditions, he exercises his best judgment in determining a price at which he thinks the security can be resold, deducting therefrom his expenses and expected profit based on the work and risk involved.

If the bonds are purchased the dealer then re-offers them at the fixed price previously determined, and as in new issues the bonds remain available for sale at this price until they are sold or until the dealer is convinced that his judgment was wrong through his inability to resell the bonds or unless a substantial change in the general market dictates the desirability of revising the offering price. The offering may extend over a period of days or weeks or, in rare instances, months assuming no general market changes.

During such period the particular bonds are not available for sale at any other than the original offering price regardless of what other dealers might be willing to indicate as nominal bid and asked prices. Such indications must be entirely nominal, assuming that no identical bonds are available for other dealers to bid on or to be offered by any other dealer at any price, which is usually the case with a great majority of municipal bonds.

Even in the case of obligations of large municipalties, such as New York City for example, where bonds are almost always available in the market, a fixed price offering is not inconsistent when it is considered that other offerings may vary as to coupon rate, maturity, amount available and other factors bearing on the security and desirability of the bonds. Any dealer's independent bid and asked prices cannot be anything but nominal unless bonds are actually available for him to bid on or unless he owns or controls bonds which he can offer for sale.

Factors

Among the factors that influence prices of municipal bonds and which need consideration in making a bona fide firm bid are:

1. The amount of bonds offered—the amount of bonds of the same issuer known to be available in the market or scheduled to be offered for bids. Also, when and under what conditions such offering may be made:

2. The current condition of the issuer with respect to tax or revenue collections, tax levies or schedule of tolls, temporary borrowings for current account or capital account:

3. The purpose of issue of the bonds to be sold. The existing position of the specific obligation in the debt structure of the issuer. Can the existing position be changed by subsequent issues. Is the issue now, or has it been questioned in the courts. Is it a negotiable instrument. Can it be called prior to maturity, if so when, and at what price:

4. The security background, maturity or maturities, interest rate or rates, form, legal opinion, priority if any, and local tax status of the particular bonds.

Another Factor

Another matter for consideration is the position of the many dealers who would be constantly burdened and at times swamped with requests from all over the country for bid and asked prices on transactions which cannot possibly mean anything to them but costly additional work. The more active the business, the greater the demand would be upon them.

Dealers could not afford the time nor could they afford the added expense of the work involved in computing actual or bona fide firm bid prices for transactions in which they would have no chance to participate.

Disclosure of Cost

Paragraph (C) of the proposed rule reads as follows:

"(C) if neither such a bid nor such an asked price can be obtained after the exercise of reasonable diligence, the price at which the dealer was able to acquire the security in that bona fide transaction which is closest in point of time to the proposed sale to or purchase from the customer, but which is not more remote than sixty days prior to such proposed sale or purchase, provided, however, that if the dealer has had no such transaction he shall make the disclosure required by paragraph (2) hereof; and

"(2) if the disclosure is made pursuant to (B) or (C) of paragraph (1) hereof, the fact that after the exercise of reasonable diligence he was unable to ascertain a current independent bid or asked price, or both, as the case may be."

There are two important features concerning these provisions.

(1) It is shown in the forepart of this statement that a dealer may go to great lengths to obtain the **best** independent price or prices and fail to accomplish the purpose. In many cases he may also go to great lengths and still be unable to locate any current independent bid or asked price. Yet it might be later established that there was an independent bid or asked price quoted at the time by some dealer just around the corner from numerous dealers contacted. By making the statement required by paragraph (2) above, the dealer further subjects himself to the liabilities imposed by the law and to the risks of recission. The rule would place him in a unique position. He must either obtain and disclose the **best** price or say that he is unable to locate any current bid or asked price. In either statement he may be in error regardless of whatever efforts were made. A dealer could never be sure that he had searched every nook and corner nor could he do so.

(2) As to the disclosure of the price at which the dealer was able to acquire the security as provided in (C) above, it must be recognized that the price paid does not necessarily include the aggregate cost to the dealer. There are other and varying cost factors which have to be taken into consideration before a profit is determined.

Further changes in the market for a particular security, subsequent to its purchase, may be such that the price paid is very substantially above or very materially below the selling price of the security thus leaving the dealer to appear in the eyes of the customer either as taking an unusual profit or in having paid more for the bonds than they are worth.

Changes in the municipal market, as in the market for other securities, are at times sudden and there are always trends and cycles playing their part and which have to be considered. Further, there are occasions when bonds purchased cannot, due to some existing condition, be offered immediately but are held awaiting developments. With indications or evidence of clarification of the particular situation the dealer undertakes to sell the bonds. The then market may mean to him many points of unexpected profit or many points of unexpected loss. That obviously is one of the risks which the dealer takes.

The price paid by a dealer for a block of municipal bonds maturing serially is based on the weighted average life of the block. The offering prices may represent a loss of some of the maturities with an off-setting profit on others in the same offering.

We submit that the price the dealer pays does not evidence the retail market value of the security when sold to a customer. This is so not only because of market changes, but because of expenses of varying character involved in the transaction, and which are not evidenced in the price paid by the dealer.

Services Rendered by Dealers

It seems suitable at this time to refer briefly to some of the services that are rendered by dealers in municipal securities which are in addition to creating and developing markets for municipal issues both original and secondary.

Dealers work extensively with municipal officials with respect to plans of financing, also relative to the form and character of the issue or issues, balancing schedules of serial maturities with relation to tax collections or other charges, and with respect to other pertinent factors. This is constantly occuring not only with regard to new issues, but also as to refunding and other operations relative to both tax supported issues and those payable from revenues.

Incidentally, since the passage of the Emergency Relief and Construction Act of 1932, authorizing the Reconstruction Finance Corporation to lend $1,500,000,000 for municipal and other public improvements, there has been in evidence a marked trend on the part of municipalities to acquire utilities or facilities developed under private ownership. It is recognized that numerous problems in this process confront municipalities, investors, and the securities industry. Municipal bond dealers have efficiently functioned in working out the numerous technical details involved, and in buying (direct and from the RFC) and distributing the security issues that provide the funds for the municipality to acquire the facility.

Municipal houses have a continuing interest in the proper performance of the municipality they have financed, and are frequently called upon to see to it that various essential steps are taken and carried out. In some instances, refunding operations must be undertaken, and maturities altered to keep the obligations current, and to enable the municipality continuously to maintain a credit standing in keeping with its resources and ability to pay, so that in the course of time the municipality may discharge its indebtedness.

Further, many dealers have developed and maintain research departments specializing in acquiring pertinent informative data relating to literally thousands of municipal entities. This material serves in measuring the security and is available to customers and others desiring information.

Frequently, representatives of such dealers are sent direct to the municipality for the purpose of investigation and first-hand information relative to the situation. It is possible for investors by inquiring of dealers to ascertain the financial status and other pertinent information relating to practically all municipal entities, even the smallest.

Municipal dealers have formed and maintain separate organizations in several of the States, for the purpose of examination and study of the financial status of municipalities within the respective States, and of other matters bearing on the credit position and securities of such municipalities. These organizations maintain a staff for this purpose, and are a central place for compiling essential municipal information. This is disseminated through their members, and at times direct, to others. These organizations render a valuable service to local municipalities and to investors as well as to municipal dealers who support them.

At times, much time and money is expended by municipal dealers in improving the market worth of blocks of bonds. Such as, for instance, those for which there is not available a "marketable" legal opinion and instances where the bonds have been marred or mutilated as a result of fire, flood, etc. The results of the flood at Providence, Rhode Island, in September 1938 provided a number of such instances and that work is still being carried on.

Municipal dealers have contributed much in working with State legislators in effecting changes in State laws beneficial to investors and to the credit position of municipalities.

Customers are not regularly or continuously in the market seeking avenues for the employment of funds. They await information from the dealer advising them of the availability of the kind of offering which fits into the program of investment which they have established for themselves. Investors in municipal securities, in the preponderance, are discriminating and selective, and with their purchases rightfully expect and demand a continued interest on the part of the dealer in the preservation of the quality of the security which they purchase. To permit that relationship to degenerate into a mere price-quoting and order-filling avocation involves far greater risks than investors and dealers in municipal securities in the United States can afford to take.

Summary

1. It is believed that in the foregoing statement enough of the effects of the proposed rule have been shown to demonstrate that should it be adopted it would be injurious to:

a. The States and their governmental units which means public interest as a whole;

b. Investors—large and small;

c. The industry engaged in purchasing and marketing municipal securities and otherwise serving municipalities and investors.

2. In addition it has been shown that the proposed rule is unworkable and could not in practice be complied with. It would subject dealers to contingent liabilities, claims of rescission and burdensome additional operating costs which many dealers could not absorb or afford to risk. Such dealers would obviously be forced out of business.

3. Further, the proposed rule is clearly discriminatory as to "exempted securities" as defined in paragraph (a) (12) of Section 3 of the Law. Very properly, care has been exercised in the preparation of the rule to protect from its effects the markets for the securities of the Federal Government, its instrumentalities and agencies, yet by the application of the rule there would be instituted regulations which would detrimentally regulate and seriously impair the marketing facilities for the securities of the States, their subdivisions, instrumentalities and agencies, thereby adversely affecting the facilities of these units of our Government to finance their Governmental functions.

4. In conclusion, we reiterate that, in our opinion, the rule would be in violation of the intent and purpose of Congress in its enactment of the Securities Exchange Law as originally written and as subsequently amended.

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, NOV. 14

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with the SEC covering 200,000 shares, investment trust-full certificates of participation, series "B-3"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation, of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter

Offering—At market

Proceeds—For investment.

Registration Statement No. 2-5055. Form C-1. (10-26-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with SEC covering 150,000 shares, investment trust-full certificates of participation, series "K-1"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5056. Form C-1. (10-26-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., has filed a registration statement with SEC covering 150,000 shares, investment trust-full certificates of participation, series "S-2"

Address—50 Congress St., Boston, Mass.

Business—Investment trust.

Underwriting—Keystone Corporation of Boston, under control with Keystone Custodian Funds, Inc., is principal underwriter of certificates of participation in the Keystone Funds

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5057. Form C-1. (10-26-42)

MONDAY, NOV. 16

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale, New York, N. Y.

Business—General character of the business done by the corporation is the design development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger be-

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecifed number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price thereof in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Declarations to Become Effective—The SEC on Nov. 5, 1942, issued an order granting the applications and permitting to become effective declarations filed by Central Maine Power Co., Cumberland County Power & Light Co., New England Industries, Inc., and New England Public Service Co. pursuant to sections 6, 7, 10 and 12 of the Public Utility Holding Company Act of 1935 regarding transactions, summarized as follows:

Central Maine and Cumberland (both subsidiaries of Nepsco) propose to enter into an agreement of merger by which Central Maine will acquire all the assets and assume all of the liabilities of Cumberland and by which Central Maine will continue as the surviving corporation. Cumberland will dispose of all of its assets to Central Maine and will be merged into Central Maine.

It is proposed that Central Maine: (1) change and increase its authorized common stock from 150,000 shares (no par) into 1,500,000 shares of common stock ($10 par) of which 642,500 shares will be outstanding in the hands of the holders of the presently outstanding 140,000 shares of common stock, and change the voting power of the common stock so that each share of such common stock ($10 par) will have one-fifth of a vote; (2) issue and sell for cash $12,500,000 first and general mortgage bonds of a new series, to be designated Series M; (3) issue and sell for cash $5,000,000 in principal amount of 10-year serial notes; (4) issue a presently undeterminable amount of $50 preferred stock, 5% dividend series, of which series 20,000 shares are presently outstanding

It is further proposed that Central Maine: (1) assume the liability upon $9,275,000 first mortgage bonds, 3½% due 1966 and $1,494,000 of first mortgage bonds, 4% due 1960 of Cumberland, and redeem and retire said bonds at 105¼% and 105%, respectively; (2) redeem and retire all outstanding shares of preferred stock of Cumberland at their respective redemption prices, subject, however, to an offer of exchange to be made to the holders thereof under which such holders may elect to receive two shares of $50 preferred stock, 5% dividend series, plus two shares of common stock ($10 par) of Central Maine for each share of 6% preferred stock of Cumberland, or two shares of $50 preferred stock, 5% dividend series, plus one share of common stock ($10 par) of Central Maine for each share of 5½% preferred stock of Cumberland. It is further proposed that Central Maine redeem or otherwise retire its presently outstanding 7% preferred stock in direct ratio to the par value of its $50 preferred stock, 5% dividend series, issued in such exchange of Cumberland preferred stock

It is further proposed: (1) that Central Maine issue and sell for cash 261,910 shares of common stock ($10 par) at $10 per share, and that Nepsco purchase such shares (less any shares taken by holders of common stock and 6% Preferred stock of Central Maine upon the exercise of their respective preemptive rights); (2) that Nepsco tender for conversion its present holdings of 54,699 shares of common stock of Cumberland and 638 shares of 6% preferred stock of Central Maine and receive therefor 404,575 shares and 6,380 shares (total 410,955 shares) respectively of common stock ($10 par) of Central Maine

It is further proposed that Central Maine's bank loans be paid off and necessary funds provided for the purchase and construction of property with cash derived from the transactions described above

Amendment filed Nov. 3, 1942, to defer effective date

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

Amendment to defer effective date filed Oct. 28, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Oct. 27, 1942, to defer effective date

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept. 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 101.57 for the 1943 maturity to 100.50 for the 1952 maturity. The average offering price per unit is 102.1073 plus accrued interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

Amendment filed Oct. 28, 1942, to defer effective date

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their preemptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwriting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

Registration effective 5:30 p. m. ESWT on Oct. 28, 1942

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Oct. 15, 1942, to defer effective date

JEFFERY BOULEVARD BUILDING CORP.

Jeffery Boulevard Building Corp. through voting trustees has filed a registration statement with the SEC for voting trust certificates covering 1,471 shares of preferred stock, par value $100 per share, and 163 shares of common, no par value

Address—10 South La Salle St., Chicago

Business—Apartment building

Offering—To be issued in connection with the extension of a voting trust agreement for a period of seven years from Aug. 15, 1942, to August 15, 1949, unless continued for a longer period by the affirmative vote of holders of 51% in amount of the outstanding voting trust certificates outstanding, representing the preferred stock. The stock was originally issued at the time of the reorganization of the property and placed in a voting trust for a period of five years. Trustees deem it advantageous to continue the voting trust for a further period.

Registration Statement No. 2-5052. Form F-1. (10-21-42)

Amendment filed Nov. 5, 1942, to defer effective date

NU-ENAMEL CORPORATION

Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

SOUTHERN UNION GAS CO.

Texas Southwestern Gas Co. has filed a registration statement with the SEC for Southern Union Gas Co. (the latter to be the surviving corporation in a proposed merger plan) covering 240,584 shares of Southern Union Gas Co. common stock, par value $1 per share. The name of the registrant will be changed in consummation of the merger plan from Texas Southwestern Gas Co. to Southern Union Gas Co.

Address — 1104 Burt Building, Dallas, Texas

Business—Primarily engaged as an operating utility company

Underwriting—E. H. Rollins & Sons, Inc., is the principal underwriter

Offering—Agreement of merger provides, among other things, that the survivor corporation shall offer approximately 240,584 shares of its common stock, par $1 per share, for subscription by holders of the presently outstanding common stock of Southern Union Gas Co., New Mexico Gas Co., and New Mexico Eastern Gas Co. at the price of $1.50 per share

In addition to the securities to be issued in exchange for outstanding securities of the constituent companies involved in the merger plan, the details of which have previously been filed with the Commission and made public, the company will issue and sell for cash $3,650,000 of first mortgage sinking fund bonds, 3¾% series due Oct. 1, 1962

Registration statement reveals that E. H. Rollins & Sons, Inc., has advised the company that it has agreed to sell the bonds for the survivor corporation at a price equal to not less than 103¾% plus accrued interest, in such manner that there will not be involved any public offering of the bonds requiring their registration under the Securities Act of 1933. As compensation for its services in finding a purchaser, the banking firm is to be paid a commission of one-half of one per cent of the aggregate principal amount of the bonds

Proceeds—The proceeds to be received by the survivor company from the sale of its bonds in the face amount of $3,650,000 and from the sale of common stock for cash and $250,000 of the proceeds from the Southern Union Production Co. loan will be used towards redemption or payment of debt of Southern Union Gas Co. (old Co.), Texas Southwestern Gas Co., New Mexico Gas Co., New Mexico Eastern Gas Co., reorganization expenses and working capital

Registration Statement No. 2-5046. Form A-2. (9-28-42)

Southern Union Gas Co., in an amendment filed with the SEC on Oct. 20 discloses that in connection with the proposed offering of 240,584 shares of common stock (par $1) to holders of common stock of constituent companies at $1.50 per share, certain dealers will be compensated at the rate of 15 cents per share for each share of common stock agreed to be purchased by such stockholders through the efforts of the dealers. Dealers selected to render such services are E. H. Rollins & Sons, Inc., New York; W. C. Gibson & Co., Chicago, and Rauscher, Pierce & Co., Dallas, Texas. Such underwriters will select subunderwriters.

By agreement E. H. Rollins & Sons, Inc., as underwriter, will purchase from the company at $1.50 per share such portion of the common stock not subscribed for by stockholiders. As compensation for commitment the underwriter will receive $12,000 plus an additional amount per share to be determined by the percentage of stock which the underwriter purchases, the amounts ranging from 5 cents to 20 cents per share

The underwriter intends to make a public offering at $1.50 per share

Registration effective 5 p. m. ESWT on Oct. 22 as of 5:30 p. m. ESWT on Oct. 17, 1942

Offering—Holders of common stock (of the constituent companies to be merged) of record Oct. 14 are given the right to subscribe for one share of common stock of the surviving corporation for each share of common stock of the constitutent companies owned by such holder. Subscription rights expire Nov. 12, 1942

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed Nov. 2, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.37 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed Oct 27, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed Nov. 5, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of everal operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., in dissolution to the extent of 436,691 shares: National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923 Form A2 (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Coffee To Be Rationed Beginning Nov. 28

The Office of Price Administration announced on Oct. 26 that coffee will be rationed, starting at midnight Nov. 28, at a rate of one pound every five weeks for each person over 15 years old. All retail sales of coffee will be frozen at midnight, Nov. 21, for the week before rationing begins, to permit merchants to stock their shelves. Price Administrator Leon Henderson said.

Sugar ration books will be used for the first rationing of coffee, using the last 10 stamps in the book (Nos. 28 to 19). Because of the make-up of the book, coupon No. 27 will be used to obtain the first pound of coffee. Subsequent rations will be on coupons taken in sequence, working backward to the center of the book.

Mr. Henderson said the War Production Board ordered the OPA to take control of consumer distribution to assure an equal supply for all, and attributed the emergency action mainly to excessive buying by consumers.

"There is no reason for any one to run to the corner grocer, put the squeeze on him and try to force him to help a hoarder," Mr. Henderson declared. "There is absolutely no excuse for hoarding coffee at this time.

"We're announcing the forthcoming rationing now because we're going to have to talk to a lot of people in the coffee industry and elsewhere about the administration of the rationing program.

"Naturally, stories and rumors will be creeping around about what we propose to do. Most of them will be entirely garbled and thus create more confusion and hysteria than even now exists on the subject of coffee. We are therefore stating what we plan to do so that the public can get the story straight and from an official source.

"For ten years before 1941 we consumed about 13 pounds (per person) of coffee a year. Last year, due to abnormal demands, this figure jumped to about 16 pounds. Thus far, in 1942, we have consumed coffee at the rate of about 12.5 pounds annually. Therefore, a ration of one pound each five weeks per person certainly is not a drastic reduction."

WPB Chairman Donald M. Nelson assured the Inter-American Coffee Board on Nov. 5 that the WPB would consider raising or eliminating the coffee ration if shipping facilities so improve that supplies are ample.

In a letter to Paul C. Daniels, Chairman of the Inter-American Coffee Board Mr. Nelson confirmed the understanding of the Board on the following five points with respect to the rationing program:

"1. The coffee-rationing program is solely a matter of the internal distribution of coffee within the United States, having as its objective the equitable distribution of such coffee as it is possible to import rather than the curtailment of imports.

"2. The rationing program is not intended to curtail consumption of coffee in the United States below levels justified by actual and prospective imports of coffee.

"3. The intent of the rationing program is not to affect adversely the exportation of coffee from producing countries and importation into the United States, and shipments of coffee to the United States will continue to be authorized in as great volume as available shipping space permits.

"4. We can assure you that if shipping facilities improve, consideration will be given to the raising of the coffee ration or its elimination if the arrivals of coffee and supplies in the United States are ample.

"5. You may be assured that every effort will continue to be made, consistent with the war effort, to provide shipping space for the movement of coffee to the United States."

Plan To Halt Rises In Bread-Flour Prices

The Office of Price Administration and the U. S. Department of Agriculture announced on Oct. 23 the completion of a program to prevent increases in the prices of bread and flour to the American consumer. Bread prices have been fixed at the March levels since May, 1942, and flour was recently frozen at the levels prevailing Sept. 28 to Oct. 2.

Regarding the plan, the announcement said:

"The program provides for making wheat available to flour millers at prices approximating the levels which prevailed from Sept. 28 to Oct. 2. This will be accomplished by the release of loan wheat back to producers by Commodity Credit Corporation for sale in the market. The release price per bushel on such loan wheat will be less than the amount of the loan per bushel plus accumulated carrying charges by a sufficient amount to enable producers to sell the wheat at prices in line with the ceiling prices on flour.

"By this operation, any possibility that flour millers will be 'squeezed' between advancing wheat prices and a flour ceiling is removed. Any possibility of a similar 'squeeze' developing between flour and bread is likewise averted.

"The release prices of loan wheat will be announced by Commodity Credit Corporation at such time as the marketing of loan wheat becomes necessary to accomplish the purposes of this program."

Clearing House Ass'n. Of North N. J. Elects

At the annual meeting of the Northern New Jersey Clearing House Association, held on Oct. 15 at the Trust Co. of New Jersey, Jersey City, N. J., the following figures were presented:

Total amount of exchanges for year ------------$1,640,359,879
Balances for year -- 1,363,678,768
Largest exchange on any one day from Oct. 1, 1941 to Sept. 30, 1942—Dec. 31, 1941- 12,827,655
Largest balance on any one day from Oct. 1, 1941 to Sept. 30, 1942—Dec. 31, 1941- 11,518,330

A list of the officers and committees elected for the year ending Oct. 21, 1943, follows:

President—Clarence G. Meeks, Hudson Trust Co., Union City.

Vice President — Edward C. Schultze, Hudson County National Bank, Jersey City.

Secretary—Edward T. Purcell, Commercial Trust Co., New Jersey, Jersey City.

Executive Committee

Two Years—Arthur M. Muller, The Trust Co. of New Jersey, Jersey City; John F. Schmidt, Bayonne Trust Co., Bayonne.

One Year—Kelley Graham, The First National Bank of Jersey City; Robert S. Carmichael, Commercial Trust Co. of New Jersey, Jersey City.

Nominating Committee

Two Years—Edward F. Briggs, Hudson Trust Co., Union City; Eugene T. Huberti, Franklin National Bank, Jersey City.

One Year—Clifford A. Spoerl, The First National Bank of Jersey City; William C. Veit, Trust Co. of New Jersey, Jersey City; William V. Toffey, Commercial Trust Co. of New Jersey, Jersey City.

Clearing Committee

William H. Dillistin, Valentine Willis and Ray M. Gidney.

OPA Extends Freezing Of Automobile Sales

At the request of the War Department, the Office of Price Administration on Nov. 1 extended the order forbidding sales of 1942 model Chevrolet, Ford and Plymouth four-door, hard-topped sedans to civilians until Dec. 31. Even persons who obtain rationing certificates authorizing purchases of new passenger automobiles may not buy any of the frozen models.

The order, originally expiring Oct. 31, was put into effect Aug. 18 to halt civilian sales of these models until the Army and Navy have been able to fill their requirements. Extension of the freeze to Dec. 31 is accomplished by Amendment No. 18 to the New Passenger Automobile Rationing Regulations, effective Oct. 31.

Hull Says U. S. Policy Toward Vichy Directed Toward Liberation Of France

Secretary of State Cordell Hull declared on Nov. 8 that the policy pursued by the U. S. Government in its relations with Vichy France during the last two years "has been directed toward ultimately liberating France from her German captors" and that the sending of the military expedition to French North Africa was the most important objective of the policy. At a special press conference, the Secretary read a formal statement lising the five major purposes obtained from the American-Vichy policy, which had long been criticized.

Mr. Hull's statement said:

"People who have been concerned about the Vichy policy of this Government will now be able to see clearly and fully its entire content.

"The liberation of French Morocco by American miltary forces carries forward the various purposes and objectives of this Government in pursuing its policy toward Vichy. This policy has been directed toward ultimately liberating France from her German captors. The American, British and Canadian Governments have wholeheartedly favored and supported this policy. The more important of those purposes have been:

"1. Opportunity for the Government of the United States to get from week to week highly important information virtually from the inside of Germany-controlled territory, and from North Africa regarding Axis subversive activities, and other important phases of the international situation.

"2. Maintenance of close relations with the French people and encouragement of leadership in opposition to Hitler wherever it exists.

"3. Keeping alive the basic concepts of freedom of the French people, looking toward ultimate restoration of free institutions for France as they existed before German occupation.

"4. Retention of closest personal touch on the ground with all phases of the French and German situation under the armistice prevailing between Germany and France; resistance to increased German pressure for France to go beyond the armistice provisions and to collaborate with Germany; constant effort to prevent delivery of the French fleet or any part of it into German military hands or to give miltary support to the German aims; that also includes French bases all along the Mediterranean and Atlantic coasts.

"5. And last, but most important, to pave the way and prepare the background in the most effective manner possible for the planning and sending of the miltary expedition into the Western Mediterranean area, and to assist the movements supporting present British operations farther East."

ABA Manual On Accounts Receivable Loans

Member institutions of the American Bankers Association throughout the country have received from the Association's Bank Management Commission a new Commercial Bank Management Booklet, Number 25, outlining the credit requirements and operating procedure involved in lending on accounts receivable. The manual, which is designed to assist banks in expanding their credit service to include loans against open accounts receivable, discusses the operations in this field or credit under 15 headings. They are notification and non-notification plans, examination of application, determining amount of loan, rates, forms, appraisal of the borrower, procedure for the borower, credit approvals, internal operations report of collections, verification of accounts, audits of the borrower's books and records, service charges, hazards and the desirability of a special department. The manual also contains the following forms: agreement relating to the assignment and pledge of accounts receivable, corporate borrowing resolutions, collateral note, assignment of accounts receivable, schedule of pledged accounts, statement of charges, individual ledger card, control — individual ledger cards, remittance schedule, and subsidiary ledger of individual trade debtors.

Summing up the advantages of this type of credit, the manual says:

"The Reconstruction Finance Corporation and the Federal Reserve banks have extended credit on the basis of accounts receivable for some time. This type of credit helps bank customers when unsecured credit is either not justified at all or not enough to meet a legitimate need. It keeps such customers in the bank and promotes an intimate, helpful relationship with the customers who most need help, guidance, and advice. The loans are self-liquidating. They help in cases where business is expanding rapidly. They can be used effectively where customers have a minimum of capital and a heavy seasonal business. They help customers step up production and lower costs. Accounts receivable financing enables customers to take discounts and save money by doing so, aside from the help they get in maintaining good credit.

"Accounts receivable financing is in the field of specialized credits. Experience over the years indicates that it can be conducted safely and with profit to the lending institution provided certain safeguards are adhered to. In this brief manual we have attempted to bring to the attention of interested bankers some appreciation of the special features of this credit and the procedures necessary to a satisfactory operation."

In an introduction the Bank Management Commission states that because of the legal complexities and variety of state statutory limitations surronding the pledge or sale of accounts receivable the suggestions contained in the manual must necessarily be general, and that any active participation in this kind of business should be done only on the advice and assistance of the bank's counsel. It further says that the procedures outlined in the manual are designed to "provide the lending bank with maximum protection consistent with profitable operations."

N. J. Bankers To Hold One Day Meeting In N. Y.

The New Jersey Bankers Association will substitute a one-day meeting at the Federal Reserve Bank of New York on Nov. 20 for its usual two-day trust conferenece, it was announced by F. Palmer Armstrong, head of the Association and President of Keyport (N. J.) Banking Co. Mr. Armstrong pointed out that, in view of the rubber and gasoline shortages, New York will be more convenient than Princeton or Asbury Park, where the sessions were previously held.

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Result Of Treasury Bill Offering

The Treasury Department announced on Oct. 30 that the tenders for $500,000,000, or thereabouts, of 91-day Treasury bills to be dated Nov. 4, 1942, and to mature Feb. 3, 1943, which were offered on Oct. 28, were opened at the Federal Reserve Banks on Oct. 30.

The details of this issue are as follows:

Total applied for	$905,637,000
Total accepted	500,044,000

Range of accepted bids:

High—99.922. Equivalent rate of discount approximately 0.309% per annum.

Low—99.905. Equivalent rate of discount approximately 0.376% per annum.

Average price—99.906. Equivalent rate of discount approximately 0.373% per annum.

(45% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Nov. 4 in amount of $352,565,000.

On Leave Of Absence

BRIDGEPORT, CONN.—Frank Carley Hunt, who was formerly a partner in Hincks Bros. & Co. and for the past six years has been a Director and Treasurer of Gaynor, Clemence & Co., Inc., is taking a leave of absence and is now associated with Manning, Maxwell and Moore, Inc., of Bridgeport, Conn.

Now Doolittle Schoellkopf

BUFFALO, N. Y. — Effective Nov. 1 the firm name of Doolittle, Roth & Schoellkopf was changed to Doolittle, Schoellkopf & Co. Offices will continue in the Liberty Bank Building.

On Nov. 19 Nina B. Doolittle will become a special partner in the firm.

Tax Worksheet Available

Spencer Trask & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, have prepared a tax worksheet for investors. Copies may be obtained from Spencer Trask & Co. upon request.

Pettit, Bryan Change Name

JERSEY CITY, N. J. — Pettit, Bryan & Kalbach, Inc., 26 Journal Square, sponsors of the Knickerbocker Fund, announce a change in their firm name to Knickerbocker Distributors, Inc. There is no change in management, policy or personnel.

R. Hoe common

Vicana Sugar common

Spokane Int'l R. R.

Susquehanna Mills, Inc.

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Our Reporter On "Governments"

Last Thursday, we expected some information on the November financing. . . . We had been told we would receive an indication then as to what was up for this month. . . . And while the general opinion was and still is at this writing that the "taps" or "on sale" bonds are to be offered to non-banking investors again, there was the usual degree of anticipation apparent in the financial district the morning of Nov. 5. . . . Then came Secretary Morgenthau's announcement that the news would be out in a few days, sometime probably during the week of Nov. 9. . . . There are a number of things to be straightened out first, said he—and thus the delay. . . .

The Treasury's working balance holds more than $4,200,000,000 at the moment. . . . Morgenthau has plenty of cash for the time being and presumably many plans to talk over with his advisers now that he is back from England. . . . It is fitting and proper that he should postpone announcement on the November borrowing to a more propitious date. . . . There is no reason for haste at this time. . . . And he probably would like to see the Government market in a more healthy state—if that can be managed between now and the day for the next offering. . . .

All this is predicated on one basis, though, one basis which is of much more importance than you might consider at first glance—and that basis is that the Secretary is not preparing any nice little surprises for us again. . . .

GIVE US TIME!

If there is one lesson the Treasury should have learned from its near-fiasco October deal it's the lesson of preparing the market for these giant-size financings. . . . No surprises, please. . . . No overnight changes in plans without warning and without attention to the simple problems of placing subscriptions and calling board meetings. . . . It is to be assumed that Morgenthau learned that lesson just as the bond dealers and traders re-learned it a few weeks ago. . . . If the postponement in the November financing announcement is just for the purpose of ironing out some kinks, fine and dandy. . . . If it's for the purpose of working up a new plan to try out on an already tired market, the Treasury is taking another unnecessary chance with the stability of its major source of funds. . . .

But these remarks are preliminary. . . . The general feeling still is that we'll have another issue of 2½s to be directed at insurance companies and corporations and individual investors of wealth. . . . And the odds are this issue will raise in the neighborhood of a billion or more dollars right off. . . . The insurance companies are getting set for big subscriptions and the Victory Fund Committees are ready to spread the word on the "on sales" throughout the country. . . .

It still seems a good idea to give us more time to prepare to buy new bonds. . . . It still seems sensible to allow the experts and salesmen more than a few hours to educate buyers unaccustomed to the market in the ways of subscribing and the virtues of special new issues. . . . Eventually, the Treasury must reach that point of view, most private authorities believe. . . .

Apparently, though, it hasn't come to that yet. . . . Although we now know books on new issues will remain open longer than two days. . . . And we have some idea of the types of offerings to come, so we should be able to figure out what's ahead on our own. . . . That will hold only if the "no surprises" idea takes hold in the Treasury Department too. . . .

THE PATTERN

There's a "full house" of Government securities out and on the calendar now. . . . Ranging from discount bills due in 90 days to certificates of indebtedness due in a year to notes due in one to five years to medium-term bonds due in five to 10 years to long-term non-banking investments due in 10 to 30 years. . . . You know the list and you can choose the securities best fitted to your portfolio needs. . . .

As a matter of fact, the market's acceptance of this list is reflected in the stability of the price level following Morgenthau's announcement that he wouldn't talk Thursday. . . . The general opinion is we know what we're to get—if plans as calculated remain unchanged. . . . "If." . . .

In addition, the design of the Treasury's offerings—short-terms for banks, long-terms for non-banking institutions—is beginning to have a marked influence on the make-up of investors' portfolios. . . . A table, prepared by the Treasury, throws that point, of unusual significance from an over-all financing angle, into sharp focus. . . .

For instance, here is the way holdings of banks shape up now. . . . The date chosen is Aug. 31, but the Treasury reveals the same maturity trends are apparent at the moment. . . .

Maturity of Issue	% Held Jan. 31	% Held Aug. 31
Within one year	66.9	62.0
One to five years	53.6	54.4
Five to 10 years	55.8	60.4
10 to 15 years	41.2	40.0
15 to 20 years	26.3	18.8
Over 20 years	40.3	37.9
Total	51.3	52.9

Notice the increase in securities held with maturities ranging between one and 10 years, the decrease in securities held with maturities ranging from 15 to 30 years. . . . That's what the Treasury wants—liquidity among the commercial banks. . . .

Now consider the way holdings of insurance companies shape up as of today in comparison with early 1942. . . .

Maturity of Issue	% Held Jan. 31	% Held Aug. 31
Within one year	3.5	3.6
One to five years	11.7	10.8
Five to 10 years	16.5	13.9
10 to 15 years	20.7	21.8
15 to 20 years	45.0	52.9
Over 20 years	23.8	23.6
Total	16.1	15.3

Notice the increase in securities held with maturities ranging between 15 and 20 years, the decrease in securities held with maturities ranging up to 10 years. . . . That's what the Treasury wants—long-terms in the portfolios of "permanent" investors. . . .

Now consider the way holdings of other investors shape up today in comparison with early 1942. . . .

Maturity of Issue	% Held Jan. 31	% Held Aug. 31
Within one year	26.0	22.7
One to five years	24.7	25.0
Five to 10 years	16.6	16.6
10 to 15 years	25.9	25.9
15 to 20 years	20.2	29.9
Over 20 years	25.6	26.2
Total	22.6	21.7

Not much change here and not much to boast about either. . . . The Victory Fund Committees are trying to start an all-out campaign to get corporations and individuals into the long-term Government mart and to support each "on sale" financing, etc., that comes along. . . . The real work lies ahead. . . .

INSIDE THE MARKET

November quota for war bond sales considered too conservative. . . . October quota of $775,000,000 was exceeded with sales totaling $814,353,000, but October quota was too law also. . . . Odds are that on paper, the Treasury will make an excellent showing in November because the $800,000,000 quota for this month should be easily topped. . . . Story is Morgenthau will raise the quotas as the fiscal year progresses. . . . He'll have to if we are to meet the $12,000,000,000 war bond sale goal. . . .

Insurance company sales of high-premium, tax-exempt municipals place them in position to buy more Governments and cement their friendly relations. . . . Besides freezing a profit on the municipals, insurance companies get 2.5% return on the "on sales," compared with around 2 to 2.10% yield on municipals. . . .

Few refundings on the Treasury calendar. . . . December maturity is $232,000,000 1¾% notes. . . . Then a small block of notes due in March. . . . That's all. . . .

SEC On Interest On Defaulted Bonds

The Securities and Exchange Commission issued on Nov. 5 an opinion regarding the treatment by an investment company of interest collected on defaulted bonds applicable to a period prior to the date on which bonds and defaulted interest were purchased. The opinion, prepared by William W. Werntz, Chief Accountant for the Commission, follows, according to Philadelphia advices to the New York "Herald Tribune":

"Question has been raised as to the treatment by an investment company of interest collected on defaulted bonds applicable to a period prior to the date on which such bonds and defaulted interest were acquired. In the particular case, an investment company purchased at a 'flat' price of $260,000 (a total of) $1,000,000 principal amount of bonds with attached defaulted interest coupons amounting to $250,000. The company subsequent to the purchase received one interest payment of $40,000 on account of defaulted interest coupons for periods prior to the purchase.

"Where a purchase is made of defaulted bonds with defaulted interest coupons attached, it is clear that the purchase price covers not only the right to receive the principal of the bond itself but the right to receive any payments made on the defaulted interest coupons purchased.

"Under these circumstances the price paid cannot be deemed to reflect only on the cost of acquisition of the issuer's obligation to pay the principal sum but must instead be considered to reflect as well the cost of acquistion of the issuer's existing obligation to pay the interest coupons already matured. In the usual case, moreover, there is no satisfactory basis on which to allocate the total price between the bond, on the one hand, and the defaulted interest coupons, on the other.

"Under such circumstances the bond and the defaulted interest coupons should be treated as a unit for accounting purposes and collections on account of the defaulted interest coupons should be treated not as interest on the sum invested but rather as repayments thereof. Moreover, in view of the uncertainty of eventually receiving payments in excess of the purchase price, it is my opinion that ordinarily no part of any payment, whether on account of principal or the defaulted interest, should be cinsidered as profit until the full purchase price has been recovered.

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"In the instant case, therefore, the receipt of the $40,000 interest payment should, in my opinion, be treated as a reduction of the cost of the investment and not as interest income or as a profit on the investment. After payments are received on account of the principal and defaulted interest in an amount equal to the purchase price, any further collections thereon should be treated not as interest but as profit on securities purchased.

"On the other hand, it seems clear that collection of interest coupons covering periods subsequent to the purchase may be treated as interest income unless the circumstances of a particular case are such as to indicate that, despite the apparent nature of the payment, recovery of the cost of the investment through sale or redemption is so uncertain as to make it necessary to treat the payment as a reduction of the investment."

Holmes With Taussig Day

ST. LOUIS, MO. — Louis L. Holmes has become associated with Taussig, Day & Company, Inc., 506 Olive Street, members of the St. Louis Stock Exchange, and will represent that firm in Springfield and Joplin, Missouri. Mr. Holmes formerly represented the Cragin Investment Company in Springfield, Missouri.

Garfield J. Taussig, President of Taussig, Day & Company, Inc., was recently elected a directer of the Terre Haute Malleable & Manufacturing Company of Terre Haute, Indiana, and also of the Duro Test Corporation of North Bergen, N. J.

Tax Law Explained

R. H. Johnson & Co., 64 Wall Street, New York City, is distributing a short explanation of the 1942 Tax Law, copies of which may be had from them upon request.

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The COMMERCIAL & FINANCIAL CHRONICLE

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Salary Regulations Setting $25.000 Maximum Issued By Economic Stabilization Director

The text of the regulations on wages and salaries, which was issued by James F. Byrnes, Economic Stabilization Director, and approved by President Roosevelt on Oct. 27, is given below.

The regulations deal principally with the Administrative responsibilities given the War Labor Board and the Treasury Department in the regulation of salaries and with the limitation on salaries not to exceed $25,000 a year, after certain taxes.

The War Labor Board has jurisdiction over wage and salary payments not in excess of $5,000, where an employee is represented by a duly recognized or certified labor organization or where the employee is not employed in a bona fide executive, administrative or professional capacity. All other salaries come under the Treasury Department.

A summary of the regulations appeared in our issue of Oct. 29, page 1543.

Following is the text of the regulations:

Title 32—National Defense

Chapter XVIII — Office of Economic Stabilization

Subchapter A — Office of the Director of Economic Stabilization

Part 4001—Wages and Salaries

By virtue of the authority vested in the President by the Constitution and the laws of the United States, and particularly by the Act of Oct. 2, 1942, entitled "AN ACT to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes" (Public No. 729, 77th Congress, 2d Session), the following regulations are hereby promulgated.

Sec. 4001.1—Definitions—When used in these regulations, unless otherwise distinctly expressed or manifestly incompatible with the intent thereof —

(a) The term "Act" means the Act of Oct. 2, 1942, (Public No. 729, 77th Congress) entitled "AN ACT to amend the Emergency Price Control Act of 1942, to aid in preventing inflation, and for other purposes."

(b) The term "Board" means the National War Labor Board created by Executive Order No. 9017, dated Jan. 12, 1942 (7 F. R. 237).

(c) The term "Commissioner"

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FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

A few weeks ago Congress was just about the least influential agency in Bureaucratic Washington. It was the subject of smear and abuse, the subject of mocking and degrading articles in the magazines and the press. It was treated contemptuously by the very bureaucrats whom it had hoisted to power. Plans were afoot to further subordinate it. Indeed, in the post-war world upon which our advanced thinkers are laboriously working it had been assigned a very lowly place, bereft of even its taxing powers.

Overnight the situation has changed. The Congress meeting here on Jan. 4 will be a revitalized one, to all intents and purposes it will be an aggressive one. Certainly, its mandate from the people will be to restore itself in the councils of Government. And from what this writer knows of several of those elected, an aggressive body it is going to be.

What then, can it do? How can it become more assertive?

Here are some ways, and I predict they will be attempted, with a probable resultant clash during the year between the legislative and executive branches that will go to the Supreme Court. Whether this latter body, as now constituted, will follow the election returns as it is said the Court has done in the past, remains to be seen.

Before outlining the steps Congress can take and will certainly undertake it should be stated that there is every indication that Mr. Roosevelt, instead of acquiescing in the new legislative aggressiveness, will take the attitude that the election has further convinced him of the people's lack of confidence in Congress, and that he must have further, rather than lesser power, to steer us through the emergency. Bear in mind, he dissociated himself from Congress and Washington as a whole, upon return from his tour of war plants a few weeks before the elections. He then gave the alignment as the People and the President versus Congress and Washington.

One of the first things that will

(Continued on page 1717)

Notice To Our Readers

Due to the constantly expanding volume of current news of paramount importance to business and industry, we are obliged, owing to space limitations, to divert to Section 1 a considerable amount of material which, under ordinary conditions, is usually contained in this section of the "Chronicle." In bringing this matter to the attention of our readers, we are mindful of our pledge to make every effort to increase the value of the "Chronicle" by reporting, without delay, all of the information essential to a thorough knowledge of the manifold changes in tax and other legislative matters originating in Washington, together with the activities of the many Government agencies whose functions are of increasing importance to the conduct of business in the present

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THE FINANCIAL SITUATION

The results of the voting last week are of as much concern to the business man as to the politicians who for a week have been busily engaged in telling themselves and the public why the people of the United States did to the Roosevelt Administration in 1942 something very similar to what they did to the Wilson Administration in 1918. There can, of course, be no doubt that issues peculiar to certain localities here and there very substantially, possibly controllingly, affected the results in those areas. That is always true in these in-between-elections where there are no national tickets around which the voters may be rallied. Whether these purely local influences this time worked more in favor of one party than the other, we leave to others to determine. It is in broad national trends which cut across such purely colloquial contests and furnish the bold strokes which give the picture its notable characteristics that chiefly concern the business community generally.

Broad Trends

That broad national trends were revealed in the voting of last week, there can be no doubt. Almost, if not quite without exception, the Democratic party lost ground to the Republican party—even in those districts (apart, of course, from the solid South) in which the former managed to hold on to its seats in the House or in Gubernatorial chairs. In such circumstances as these it is impossible to maintain the contention, as some of the New Deal figures have undertaken to do, that broad national factors or influences were not at work and rather dominant in the voting. It is, of course, not easy to single out the "issues" which decided the election in this way. It is in this case indeed the more difficult to do so by reason of the fact that the President and leader of his party was well known to be at loggerheads with many members of Congress who wore the Democratic label.

It would, however, be naive indeed to reason that the loss of seats in the House of Representatives, for example, constituted punishment for not being more faithful to the titular leader of the Democratic party. There is no escaping the conclusion that the surprising over-turn in last week's election represents a turning away in part at least

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More Amazement Ahead!

What is the "high conception of freedom and justice which inspired" the Atlantic Charter? Perhaps the President and Prime Minister felt they could not be more specific at the time the pact was made. But it is immensely important that we should now be precise and clear and specific in what we mean by it.

While the mass of comment on my report showed a growing understanding of the aspirations of the people of the East, some of the comment has amazed me. Particularly as the type of comment to which I refer has been obviously inspired by governmental and propaganda sources. Such comment takes the attitude that this is an Anglo-American war, to be run by Anglo-American strategy and that we are to create a world after the war in which Anglo-American policies shall be pursued. It even implies that those of us who are seeking in fact to make its strategy, its military command, its purposes both now and after the war common to all the United Nations must speak softly for fear that free discussion will distress our British allies and disturb the accomplishment of our war aims.

—Wendell L. Willkie.

We suspect that Mr. Willkie will be "amazed" a good many times before this war and its aftermath are things of the past. This is, after all, a real world in which we live.

President Considers Registering Women

President Roosevelt said on Oct. 30 that the Government is considering the compulsory registration of women between the ages of 18 and 65 for possible use in war work but emphasized that the plan does not envision the drafting of women.

The President told his press conference that he had discussed with labor leaders the question of the general reservoir of available labor with particular reference to the problem of women. Mr. Roosevelt said that, inasmuch as there are about 6,000,000 men in the armed forces and many others in war factories, there will not be enough left to fill the expected demand for 4,000,000 to 5,000,000 additional workers next year. The President added that the largest source of untapped labor supply was among women and that the planned registration would be to find out where the available supply of women are and what tasks they could perform.

Secretary of Labor Frances Perkins stated on Oct. 31 that 3,000,000 women would be needed in industry within a year. United Press Washington advices reported that Miss Perkins said women were needed not only in war industries, but also in other places where they could replace men transferred to war jobs. The speed with which women will be absorbed into industry, she added, will depend on the speed with which the men they are to replace are drafted into the armed services.

Industry Congress On Making America Strong

William P. Witherow, President of the National Association of Manufacturers, announced Oct. 20 that the War Congress of American Industry will meet at the Waldrof-Astoria in New York City Dec. 2, 3, and 4. Crucial problems arising from the war and affecting the life of every American businessman, said Mr. Witherow, dictate that the theme of this year's meeting shall be "Making America Strong—War Power, Man Power, Peace Power."

Recalling that the 46th Annual Congress closed barely 24 hours before the attack on Pearl Harbor and that responsibilities and obligations of every industrialist had increased many times in the last year, Mr. Witherow told the manufacturers that "I would be derelict in my duty as a citizen if I asked you to plan attendance at this meeting unless I felt beyond a reasonable doubt, that your presence there would aid in the discharge of your responsibility to our common task."

The program, said Mr. Witherow, who is President of Blaw-Knox Co. of Pittsburgh, Pa., will include executives of the War and Navy Departments, the War Production Board and other government agencies occupied with the prosecution of the war.

The preliminary program, it is announced, includes William M. Jeffers, recently named Rubber Administrator, who is now on a nation-wide tour studying that industry. Hiland G. Batcheller, former President of Allegheny, Ludlum Steel Corp., and now head of the Iron and Steel Division of WPB, Leon Henderson, OPA Administrator, and Paul V. McNutt, Chairman of the War Manpower Commission, are three others who will appear on the program.

Editorial—

The New Menace To Insurance

By W. C. BETTS

There is one aspect of the insurance business which has not received the attention which it merits. It concerns principally the Fire, and Casualty Insurance Companies, and springs primarily from the rivalry which, for many years, has existed between the capital stock organizations and those formed on the so-called mutual plan. It is heading for a point where it may become a serious menace to the interests of investors in insurance stocks, to say nothing of other groups.

For many years, this rivalry has varied in intensity. For the last 50 years, it has borne the shape of verbal attacks by the capital stock companies. The mutual organizations have parried with retorts mostly innocuous, and with great inroads into the income of the stock companies. These, in turn, have now taken measures leading to a situation serious enough to cause concern.

A better understanding of what is involved will come from a glimpse at the history of fire insurance in this country. The pioneers in this business provided insurance against loss by fire through funds set up by the policyholders, out of which the luckless ones were indemnified. The funds were administered by the policyholders, asssociated as "contributionships." In part, depletion of these funds was guarded against by the creation of volunteer fire companies: on the outbreak of a fire, they hastened helter-skelter, with hose, pumps and fire buckets, intent upon extinction—provided, however, the flames menaced premises insured in the particular societies with which the groups of volunteer firemen severally were affiliated.

In order that these doughty fire-fighters should not run the risk of helping a brigade employed by a rival society, each contributionship attached metal identification plates to the facades of buildings protected by its policies. The result was that each alarm of fire caused a scamper of many fire-brigades to the point menaced, and, as soon as the name-plate on the burning building had established the identity of the insuring company involved, all equipment promptly was withdrawn from the scene of fire, save that belonging to the society whose name-plate was in danger of scorching.

Despite the fact that these contributionships ran on a mutual principle, of sorts, and practised non-profit benevolence, their senseless rivalries waxed ever more unfriendly, to the point of reciprocal gloating over the misfortunes of rivals. Oddly enough, these tense animosities, which often led to fisticuffs, attained their fullest development in the City of Brotherly Love. All this silliness and short-sightedness finally had to be cured, so joint-stock companies were started, benevolently to put out anybody's fire; that is, even fires originating on premises not covered by any insurance. While the subscribers to these capitalistic ventures must have been incensed by the selfish and shortsighted behavior of the mutual contributionships, they doubtless also foresaw that money was to be made out of their protective enterprises.

In time, most of the original contributionships died off, and the survivors today can be counted on one hand. The capitalistic fire-fighters shifted the cost of buying pumps, their use, and maintenance, to the taxpayers, and concentrated their efforts on keeping the fire funds in shape to pay salaries and other expenses, claims, a little something on the hire of capital, and to provide for a rainy day, or rather an especially hot one. At the start, the eleemosynary intent of the original capital stock companies may have been great, but it dwindled when the field was invaded by rivals aware that benevolence for profit alone seemed adequately effective.

There followed long years of intensive development and growth by capital stock companies. In the main, they prospered to such a degree that, lured by the seemingly easy winnings, greater numbers steadily entered the field. Few attained any permanent success. The graveyard in which the failures lie buried, accommodated scores of hapless companies, whose obituaries confirm the belief that when the business of fire insurance succeeds, it is good indeed; but when it goes awry, it can be devastating.

To the latter part of this era belongs the internecine warfare between capital stock companies, when raids on premium income, and rate-cutting grew exuberantly. The consequent inability to carry out obligations assumed, by large numbers of companies, led to more and more government control and more stringent regulations. The stalwart, well-buttressed companies survived, and, to protect themselves against continued inroads, they strengthened their trade position by the standardization (first approved by the public authorities) of their policy contracts, and then by selling these contracts to the public at uniform prices and rates. Of inestimable value, in this restriction of competition, was a decision of the Supreme Court of the United States, reached in 1868, in *Paul v. Virginia*, that "issuing a policy of insurance is not a transaction of commerce" and that transactions of insurance "do not constitute a part of commerce between States."

To this era, too, belongs that concept of underwriters that risks, however undesirable, might be insured if only the premium charged was supposedly "high" enough. One effect of this assumption was to make outbreaks of fire far too frequent. And the corollary was that, for many an industry, the average cost of fire insurance became prohibitive because, statistically, the good risks in an industry, were grouped with the bad ones, so that the same basic rate was applied to all risks in that industry, good and bad.

More and more, those who kept their premises in good repair and condition, and did all possible to avoid fire, grumbled about the high cost of their insurance, the result of bad underwriting principles. To their clamor that their good risks were profitable, the answer was: "Your risks may be good, of a kind, but they belong to a poor class—we'll show you the figures." There is evidence, hitherto not seriously disputed, that if, statistically, the loss record of a particular industrial or commercial class was too good to justify the continuance of a high average basic premium, the powers-that-be would worsen the statistical record of that class by including with it types of risks known to be distinctly inferior. For instance, the fire hazards of the wholesale stationery business were actually grouped statistically with those of the business called euphemistically "ladies' boarding houses," risks notoriously poor. Out of such questionable practices, and others, there developed an ever-growing body of aggrieved and provoked buyers of insurance.

The provocation was such that it caused sundry industrial groups to embark in underwriting of their own, on the mutual principle. They went back a century to the basic ideas, whose abuse and debasement had given the impulse to the start of capital stock insurance. History was working in reverse: the former chastisers were now to be chastened; for the same reason, selfishness and short-sightedness.

The new movement grew steadily in scope and power, particularly in the strongly industrial states of New England. The New England Factory Mutuals, as the group was soon called, amateurs as they were, turned out to be excellent underwriters, better in fact than the professionals whose obtuseness had brought them into being. They prospered, probably beyond their own expectations. It is not too much to say that, in the main, they did so, by wedding superior engineering to clever underwriting. They thereby reduced the incidence of fire, and consequently the cost of their own insurance, far below any point that had ever been experienced in the classes of property comprised in the scope of their operations. As they thrived, their ideas spread to ever new fields, with fresh successes.

The capital stock companies were slow to change their habits, to copy the new methods. For a long time, they looked at the newcomers with disdain, and issued dire warnings regarding their probable fate. But louder and louder, nation-wide, rose the cries of alarm from the agents and fieldmen of the capital stock companies. And, as said above, more loudly, if not more effectively, rose the vocal antagonism directed against the Mutuals.

It is not opportune, now, to go into the history of this controversy. In brief, it may be said that it has been neither edifying nor profitable. For long years, its ammunition has been distributed to, and fired off by the stock companies' field-men. These incidental duties have been ill-directed, too often characterized by ineptitude, and have accomplished nothing so much as furnishing the attacked Mutuals with material on which to base effective counter-arguments.

A few years ago, this scattered fire against the Mutuals was supplemented by a special pooled effort of the stock fire insurance companies. At a cost of several hundred thousand dollars, they set out to convey to the millions who read the entertainment weeklies, that as, if, and when they were in the market for insurance, they should buy it from capital stock companies, rather than elsewhere. If one may judge by the statistics of the ever-swelling income of the Mutuals, the hebdomadal purveyors of fiction did not carry the message across to their readers. Perhaps the message was too subtle, or too tenuous, for the grasp of the readers. Or perhaps the Life Insurance companies, which have some 60,000,000 policies in force, mostly headed "Mutual Company" and also use the same vehicles of publicity, interfered with that heavy-footed propaganda.

At any rate, recently recourse was had to a new weapon, one which would certainly strike our readers, more conversant with fact than fiction, as being a most dangerous one to use. The capital stock companies, how and by whom need not now be scrutinized, stirred up officialdom in Washington, and certain Senators, into making a proposal that the Mutual companies, hitherto exempt, henceforth should be made to pay a Federal tax on the income derived from their operations, said to be non-profit making.

Nothing more need be said, at present, about this proposed legislation save that the repercussions have already been startling. Hitting back, the Mutuals have affirmed, as a mere starter, that the capital stock companies are actuated by a desire to raise the cost of doing business on the mutual plan, hoping thereby to stiffen all premium rates. They point out, too, that the stock companies, paying only about 1% Federal income tax, despite grossly expensive management, have paid handsome dividends, stock and cash, out of their earnings. They have gone further; they have affirmed that two named companies, writing casualty lines extensively, have evaded the payment of Federal taxation, except a dribble of the amount rightly payable; and that as to one company, this evasion resulted in the loss of several million dollars a year to the Government. The inference behind this accusation is plain—the present form of supervision should have been able to discover such goings-on, but didn't! The matter, we feel sure, will not be allowed to rest there.

* * * *

Now, it is but a short time ago that the Life Insurance companies underwent an extended investigation by a fact-finding Commission, charged with the duty of determining whether or not the companies were an economic menace by reason of the power inherent in the vast funds held by them as trustees. It was clear to anyone who followed the proceedings of this Commission closely, that behind its mask, the probing was meant to reveal evidence which would justify the placing of the Life companies under Federal supervision.

The furtherance of this design was masterfully blocked. Its instigators made one fatal error: they left out of account the existence and influence of some 30,000,000 satisfied policyholders, solely intent on protecting themselves and their dependents against the hardships of their declining years, or the tragedy of their last one. The Commission's work ended in an unmitigated fiasco.

The stock casualty companies, and their running-mates the fire companies, have no such bodyguard as 30,000,000 satisfied policyholders ready to pounce on evil lawmakers, in defense of their sacred interests. And if they become the objects of a searching Commission, bent on proving that they need the supervision of a permanent Federal body, it may go hard with them. Certainly, hard enough to make them wish that they had never carried a relatively unimportant dispute to the fountain-head of headaches. If it be not too late to do so, a serious attempt should be made by both parties to the dispute to bury their hatchets, and to head off the consequences of someone's consummate blundering.

THE FINANCIAL SITUATION

(Continued From First Page)

from the Administration, and it is important that the business community determine so far as is possible the scope and direction of this change.

Why?

We venture to suggest three basic respects in which it seems to us the public has developed rather deep doubts, not to say outright dissatisfactions, with the New Deal Government. First, we think we discern a quite general feeling among the people that the war effort on its highly important industrial side is not being well managed in Washington. Second, we think that the belief is widespread that the Administration does not have an eye single to the prosecution of the war on all fronts, including the domestic aspect of the struggle. Third, we believe that the public is becoming more and more doubtful, to say the least, whether the Government, and particularly the President himself, is always these days dealing with the rank and file with perfect candor.

That there has been much bungling of the over-all management of the war production would appear obvious even to the layman. Millions of men and women must be aware of these shortcomings as a result of their day-to-day contacts with it in the factories and elsewhere. Inadequate management of the flow of materials is, without question, the direct cause of failure to produce many things which by now could have been in existence had greater foresight and more competent management been exercised. Behind this failure lies a long story of hostility in Washington toward men of proved experience and ability in the particular fields where their services were needed. Too many are familiar with this story at least in its broader outlines for it not to have cost the Administration a good many supporters. The appearance of utter administrative confusion in Washington has, indeed, become almost a byword throughout the land.

"Social Reforms"

The impression that the President is running the war with one eye upon his so-called "social reforms," and with a constant determination to continue and develop them further the moment hostility ceases can scarcely have failed to register itself upon the minds of a great many observers not completely enslaved by New Deal propaganda. His insistence in season and out of a continuance of the 40-hour week law, his unvarying devotion to the leaders of organized labor, his soft dealing with the farmers (notwithstanding his apparently firmer attitude than that found in Congress), his apparent itch for more and more intimate control over the everyday life of the individual, and much more of the same sort leave the dispassionate observer unable to arrive at any conclusion other than that he is still keenly conscious of the domestic political scene, is looking forward to the day when he will be in the position (so he hopes) to make his New Deal, not nation-wide, but world-wide. Meanwhile doubt grows daily from well fertilized soil that he or his supporters will ever willingly give up a great deal of their war-won dictatorial powers when peace comes. The people are learning by experience what it means to be regimented, and they do not look forward to decades of it with relish. That all this, or much of it, tends to hurt the war effort either is not understood by the Administration or else is regarded as of secondary importance.

Distrust of our military communiques, based upon disappointing experience, is known to be all but universal, but almost equal skepticism of the competence and candor of many other pronouncements from Washington is certainly not uncommon. Some time ago the President, apparently sensing some of the unfortunate results of this latter situation, undertook to correct it by muzzling his subordinates, some of whom really had been doing too much pointless talking. This action, however, did not and in the nature of the case could not reach the roots of the trouble. The confusion of counsel, the disharmony among those who undertook to present even facts, and other plain infirmities of official outgivings from the mouths of many underlings was doing harm, but the President himself appeared, and still appears upon occasion, to lack candor in his dealings with the public—and in addition rather regularly adopts the attitude that those to whom he speaks lack ordinary intelligence.

A Poor Defense

His most recent defense of the 40-hour week is an excellent case in point. His facts, in the first place, appear to be at variance at points with virtually all published figures. He says that in the production of most important war goods men are now working on the average of 48 hours, and that in all war production 46 hours or more is the average. He may have meant to say that in certain operations men are on the average working that many hours a week, but what he said is literally contrary to reliable statistics. In very few industries even where war work predominates or has replaced all else, is there such a thing as an average work week of 48 hours, and not many where it is 46 hours. But however all this may be, the President could never have made such statements about **all** essential production, which is really the point.

But equally as unfortunate was his defense of the 40-hour week by insisting that when men worked more than 48 hours production was not permanently increased. The President must know as well as the rest of us that men are not working 48 hours a week in this country as a general rule, or anywhere near it. Furthermore, in citing the alleged disappointing experience of other countries with fearfully long work weeks, he calmly ignores the well-known fact that men work many more than 48 hours (to say nothing of 40 hours in Great Britain today where production per capita is said to be the highest in the world. The President's discussion of this subject is—with deep regret be it said—something less than candid to say the least, if he has, as we must suppose, taken the trouble to inform himself.

Whether the public will go forward, as in the first World War, to repudiate altogether the Administration which conducted it, will, we believe, depend a good deal upon the events of the next two years, and in particular upon whether this Administration can read these election returns accurately and act accordingly—and convince the people that it has.

Sets Price Formula On Christmas Lines

The Office of Price Administration issued on Oct. 30 the rules for determining maximum prices which retailers and wholesalers may charge for the hundreds of thousands of articles specially packaged for Christmas sale.

The rules, contained in Supplemental Order No. 24, effective Nov. 2, applying only when the special packaging is done by the manufacturer or producer, according to Washington advices to the New York "Journal of Commerce," which further said they classify the holiday packages into two main groups:

1. Those in which the packaging consists primarily of paper or ordinary cardboard or both and in which the article or articles are regularly sold by the vendor in seasons other than Christmastime (such as cigarettes, ties, socks, handkerchiefs, etc.). The maximum price for the contents and the packaging in this group is the maximum price which normally would apply to the contents without the special wrappings.
2. Those in which the packaging consists of material other than paper and ordinary cardboard and is of a type which normally would carry a combined price higher than the price charged for the contents without special packaging, or those in which the package contains an article or articles, all or any of which are not regularly sold by the vendor in seasons other than the Christmas season.

When a package falls within the second classification it may be treated as a single commodity and the maximum price for it determined by the formula in Section 3 (a) of the General Maximum Price regulation.

Mtg. Bankers Seek National Tax Study

Asserting that the more than 165,000 Government units with taxing power in this country could easily be reduced about 90%, or to around 20,000 if public opinion would demand it, Charles A. Mullenix, President of the Mortgage Bankers Association of America, announced on Oct. 25 that the organization will fully support the legislation seeking to establish a Commission on Tax Integration to study local, State and Federal tax systems and seeking to eliminate all possible overlapping. The Association membership voted to support the measure, sponsored by Representative Coffee of Washington, at the annual meeting in Chicago. The greatest benefit now and in the post-war period would be in cutting inefficiency in State and local systems, Mr. Mullenix said and he added that he felt creation of a Federal tax body to make a complete study of the maze of taxing bodies is the first step looking to any lasting tax reform in this country. Mr. Mullenix added:

"All States, I believe, should adopt the sensible over-all property tax limitation so that real property will cease to be the always dependable source for levying higher taxes. Assessment procedure must be modernized so that taxable value will at least have some relation to productivity. Any fair study will surely reveal that real property is today carrying a heavier tax burden than other forms of wealth, and the danger is very real that an even greater burden may be placed on it."

Lauds Inland Waterways

The article, "St. Lawrence Project Off For Duration," in your Oct. 22nd issue, has come to our notice.

Striking events are making manifest the real value of the inland waterways. Now, owing to their safety and to the burden on the railroads, their worth to the nation is incalculable.

The public knows practically nothing about one of the nation's greatest assets, the Federal waterway system.

Now, with the fate of the democratic world depending so much upon America for supplies, equipment, and military and naval aid, how futile the situation would be but for these waterways.

Every shipyard in America is located on a waterway improved by the Federal Government.

Without improved harbors, improved channels from the sea and lakes, our Navy and Merchant Marine could not exist; our railroads would not have the tremendous tonnage brought to or taken from them by ships; water terminals would be non-existent. The coastal terminal cities of today were made possible through the interchange of waterborne and rail commerce.

Without the Cape Cod Canal, water transportation between New York and Boston would be more perilous, take longer and be more expensive. Right now, without the canal, all this shipping would face probable submarine attack.

Without the improvements made on the Hudson River and the New York State Barge Canal system, the economical movement of sufficient grain, oil, lumber, pulpwood and other bulk products between the Great Lakes and the seaboard would be a problem. These waterways serve another purpose; they help keep railway rates where they should be. The improved Hudson enables the Port of Albany to handle ocean shipping.

Without the improved Chesapeake and Delaware Canal, it would not be possible for deep draft vessels to move between Delaware and Chesapeake Bays, again safe from submarine attack.

What a blessing it would be today if the Atlantic and Gulf Intracoastal Waterways were deep and wide; if the proposed canals across New Jersey and Florida were complete. Then, this protected waterway system would extend from Boston to close to the Mexican border. Through it, tankers and barges, destroyers and other light draft naval vessels could navigate safely.

A waterway connecting the Tennessee and Tombigbee Rivers would be of immense value to the industrial heart of the South: low cost waterborne commerce is vital to the development of the nation.

Without the improved Gulf Intracoastal Waterway, much of the vast movement of bulk commodities from the Gulf Coast would have to move at costs many times that on waterways and, now, on the dangerous open sea.

Without the development of the Houston Ship Channel, the world Port of Houston, as the great city of the Southwest, would not exist. Railways handled, either before or after water shipment, a large part of the tremendous tonnage of this port.

Without the improvements that have been made on the Mississippi, Missouri, Illinois, Ohio, Tennessee, Kanawha, and other rivers forming our vast inland waterway system, these streams could not be used as they now are —where tows of more than a trainload of bulk cargo such as steel products, coal, lumber, lime, cement, grain and other farm products; gasoline and fuel oil, are affecting enormous savings in transportation costs. This inland transportation is vital to the nation today.

Without the great locks at the Soo, the improved St. Mary's, St. Clair and Detroit Rivers, the improved harbors at Great Lakes ports, the facilities for moving 90,000,000 tons annually of vitally needed iron ore from upper Lake Superior to ports on Lake Michigan and Erie would not exist, except at a transportation cost of from eight to ten times the water rates. Our commanding position in the steel world would be lost. Without these same facilities, the price of coal in the upper lake regions would be increased tremendously, for the same ships that bring ore down the lakes go back with coal.

The value of a completed Beaver and Mahoning Canal, connecting the incomparable Great Lakes system with that of the Ohio and Mississippi systems is inestimable.

Continuing harbor, channel and river improvements along the Pacific Coast from San Diego, Calif., to Bellingham, Wash., is helping the advancement of the West Coast region and its hinterland incalculably. The San Joaquin, Sacramento and Columbia Rivers will become increasingly important commercial arteries.

Without the low transportation costs made possible by interchange of freight at water-rail terminals, a vast tonnage would never reach the railroads. What a wholesome thing it would be for the nation if the interchange of water and rail traffic was fully developed and properly regulated. Enormous potential benefits to the people lie here. Water-rail transport is the keystone of our national economy. In wartime it is that and more; it is the assurance that our democracy will endure.

When initiated, many projects so vital to us now were criticized or condemned by selfish or sectional interests. "Pork barrel," they shouted to an uninformed public. And today, these same interests continue to combat the expansion of our unparalleled natural waterways; expansion necessary for defense and for the growth of the nation.

At this solemn moment, our outlook would be dark but for the existence of the facilities for naval mobility and waterborne commerce.

America has the greatest potential inland and intracoastal waterway system on earth; development is making it a priceless national asset, assuring the safety of the nation and benefits for all the people.—*S. WILLSON RICHARDS, Editor, the "Marine News."*

US, Canada Restrict Production Of Paper

In what was described as the first step toward curtailment of the production and use of paper products, the United States and Canadian Governments on Oct. 30 jointly froze production of paper products, including newsprint, at the average production rate of the last six months.

In parallel orders, effective at midnight, Oct. 31, the War Production Board in Washington and the Wartime Prices and Trade Board in Ottawa have forbidden manufacturers of paper, including newsprint, book and magazine papers, to produce more than their average rate of output in the six months period from April 1 to Sept. 30.

The following regarding the orders was reported by the Associated Press:

"The freeze meant a 5.15% reduction under the present domestic rate of newsprint output, a WPB spokesman estimated, and a cut of something like 6% in Canada, source of three-fourths of the newsprint used by United States newspapers."

For the American industry as a whole, the stabilization jells production at about 87% of theoretical capacity, trade sources in Washington said. Canadian output of newsprint, however, has been running at only about 65% capacity.

The WPB declared its expectation that "further curtailments would have to be made in the near future" to release labor, power, transportation and materials for war purposes. The order, it stated, is only "the first step toward a balanced program of further reduction and concentration of the industry on an international basis."

"Concentration," as the term ordinarily is understood, would mean closing of some of the industry's 900-odd paper and pulp mills. The total permitted production would be centered in "nucleus" mills which could thus operate at or near capacity and with normal efficiency.

As output diminishes, WPB said, controls over distribution, inventories and use of paper will be set up on an international basis.

"Many factors beyond the control of the paper industry," the WPB said, "inevitably will diminish the production of paper in Canada and the United States.

"Both countries have more than adequate forest reserves. The trees to make pulp are there, but every other factor, from the manpower behind the woodman's ax to transportation to the paper consumer, is becoming increasingly scarce as the requirements for America's all-out war effort develop."

Unrestricted production of six paper products is permitted to continue: Building papers, building boards, vulcanizing fiber stock, resin impregnating stock (the base of a plastic product newly coming into use as a substitute for zinc in photo-engraving), sanitary napkins and hospital wadding stock.

Appropriate Billions, 90% Going To Navy

President Roosevelt signed on Oct. 26 the $15,851,000,000 supplemental appropriation and contract authorization bill, of which 90% is for the Navy.

Congressional action on the measure was completed on Oct. 22 when the Senate adopted a conference report which the House had approved on Oct. 21.

With the adoption of this bill, Congress has provided a total appropriation and contract authority for expenditures for war purposes in the fiscal years 1941, 1942 and 1943, to date, of $222,000,000,000, exclusive of the net outlay from funds of Government corporations, amounting to about $8,000,000,000.

Of the total funds in the bill the Navy receives about $5,600,000,000 in appropriations for maintenance and $9,510,000,000 in contract authorizations for construction of 500,000 tons of aircraft carriers, 500,000 tons of cruisers, 900,000 tons of destroyers and destroyer escort vessels, 200,000 tons of auxiliary vessels, and 1,000 small craft. Of the $3,822,000,000 provided in the bill for the Naval aviation expansion, $2,862,000,000 is allocated to the procurement of 14,611 airplanes.

Other appropriations in the bill included: Emergency fund of the President, $25,000,000; Office of War Information, $25,000,000; Office of Coordinator of Inter-American Affairs, $5,000,000; Office of Defense Transportation, $5,200,000; War Manpower Commission, $10,303,680; war housing, $600,000,000, and guayule rubber projects, $19,000,000.

The State Of Trade

The heavy industries continue to operate at high levels, though the loading of revenue freight for the week fell off 12,777 cars, to 890,469, compared with the preceding week this year, according to the Association of American Railroads. The latest figures were also 4,276 cars fewer than the corresponding week in 1941, but 95,672 cars above the same period two years ago. This week's total was 124.56% of average loadings for the corresponding week of the ten preceding years.

Production of electricity in the week ended Oct. 31st, was 3,774,891,000 kilowatt hours, compared with output of 3,752,571,000 kilowatt hours in the preceding week and 3,380,488,000 in the week last year, according to Edison Electric Institute reports. With all areas of the country showing gains over last year, the total was up 11.7% over the 1941 week.

Engineering construction volume for the short week due to the election day holiday totals $137,412,000, more than triple the volume for the corresponding 1941 week and above the $103,282,000 reported for the preceding week by Engineering News-Record. Federal construction accounts for 91% of the current week's total and is 428% higher than a year ago. The increased Federal volume boosts public construction 292% above last year. Private work, however, is 25% below the 1941 week.

The week's volume brings 1942 engineering construction to $8,461,997,000, an increase of 60% over the $5,294,419,000 reported for the 45-week period a year ago. Private work, $520,285,000, is 52% lower than in the 1941 period, but public construction, $7,941,712,000, is 88% higher as a result of the 138% gain in Federal work.

All records for total steel production were broken by a good margin by the American steel industry in October, with producers in the aggregate turning out more steel than their rated capacity indicated, according to the American Iron & Steel Institute. Larger scrap supply, it is estimated, enabled the mills to set the record.

Total steel output for October was announced at 7,584,864 net tons of ingots and castings, about 7% higher than the September total of 7,067,084 tons and nearly 349,000 tons larger than production in October of last year.

Department store sales on a country-wide basis were up 14% for the week ended Oct. 31st, compared with the like week a year ago, according to the weekly figures made public by the Board of Governors of the Federal Reserve System. Store sales were up 18% for the four week period ended Oct. 31st, compared with last year.

Department store sales in New York City in the last week ended Oct. 31st, were 19% larger than in the like 1941 week, and in the four weeks ended Oct. 31st, sales of this group of stores increased 14% over the corresponding period a year ago, the New York Federal Reserve Bank reported.

Unfavorable weather tended to check the upward sweep of retail sales during the week, although buying in many lines continued at record autumn levels, Dun & Bradstreet, Inc., reported in its weekly business review.

For the country as a whole, according to the Bradstreet survey, sales volume was estimated at 12% to 15% higher than a year ago. Best increases were made in the Southern and Pacific Coast regions.

Wholesale activity was reported as continuing at a brisk rate, with turnover in many markets running well above last year's levels. Retailers were found to be concentrating on securing additional holiday merchandise.

A new plan to control the flow of critical materials in order to increase war output has been announced by Donald M. Nelson, War Production Board chief. The aim is to "use every bit of critical material where it will do the most good." The plan, on reaching full operation next July 1st, will strip the civilian economy to the barest possible level at which it can operate. For example, only 1.5% of the nation's annual steel output will be available for civilian needs next year, while less than 1% of its copper will go into civilian products.

Ernest Kanzler, director general for operation of the War Production Board, disclosed recently in an address before the 23rd annual convention of the American Trade Association Executives that the nation's civilian economy is "going down at the rate of $1,000,000,000 a month." He stated: "Our civilian economy is going to be leaner during the balance of this war than we ever before thought possible." He added, however, that civilian production would not be "hit-or-miss" but would be governed by a definite program just as is that for the armed services.

Mr. Kanzler said that the new controlled-materials plan will gradually bring war production into balance and that by the third quarter of next year the country "should then have a balanced program and a firm system of controls in full operation."

October war costs were approximately $5,500,000,000, about the same as September figure, making an outgo of $20,250,000,000 in the first four months of the current fiscal year. This is four times the expenditure in the corresponding four months of 1941. Further evidence of the increased outgo for war is seen in Mr. Nelson's report stating that over-all munitions production in the United States in September was 7% greater than in August. President Roosevelt estimates that the Federal cash outlay for war will reach $74,000,000,000 in the fiscal year ending June 30, 1943. This means an expenditure of almost $54,000,000,000, or an average of $6,750,000,000 monthly over the next eight months. Achievement of this goal will of necessity mean further curtailment in civilian-goods production.

Wilson Promoted By Chicago Reserve Bank

H. Fred Wilson, Public Relations Counsel for the Federal Reserve Bank of Chicago, has been appointed Manager of Research & Statistics of the Reserve Bank, it is announced by C. S. Young, President of the bank. Mr. Wilson will be associated with John K. Langum, Assistant Vice-President, who is in charge of research activities for the Seventh Federal Reserve District. Mr. Wilson began his bank career with the Fort Dearborn National Bank in Chicago, in 1917, as Assistant Auditor. He was Advertising Counsel of the Continental Illinois National Bank & Trust Co. of Chicago, from 1922 to 1934, when he took over the direction of their education and training program. He left there in 1937 to become an account executive for a New York advertising agency and has been at the Federal Reserve Bank since the summer of 1940. Mr. Wilson received his academic training at the University of Chicago.

The appointment of Simeon E. Leland as Chairman of the Board of the Chicago Federal Reserve Bank was noted in our Nov. 5 issue, page 1640.

Warns Threats Of Manpower And Material Shortages Endanger Shipbuilding Objectives

Warning that the increasing loss of skilled manpower in shipyards caused by the draft and enlistments, together with material shortages in American shipyards, were threatening the attainment of national shipbuilding objectives, Lynn H. Korndorff, President of Federal Shipbuilding & Dry Dock Co., on Nov. 5 told members of the Chamber of Commerce of the State of New York that longer hours of labor may be necessary to prevent the shipbuilding program from suffering serious attacks. Mr. Korndorff said that cargo ship production of 6,000,000 tons in the first 10 months of 1942 showed that President Roosevelt's goal of 8,000,000 tons this year could be met if manpower and materials continue to be provided. But, he added, the volume of men and materials would have to be enormously increased next year if the 15,000,000-ton quota set by the President was to be achieved.

The shipbuilding industry could not rest complacently on the records it had established so far this year, he said. "As winter approaches, submarine sinkings are likely to increase," he continued. "The Axis threat is more sinkings because submarines can submerge deeper, can stay submerged longer, can cruise farther and are more efficient than ever. We cannot win this war simply by building ships to be sunk. We must build ships to sink submarines."

Mr. Korndorff said that two problems could hamper even if they did not stop the nation's shipbuilders. They were the supplying of materials and the growing shortage of manpower. "The answer to both lies with the United States Government," he said. "Whether a shipyard receives essential materials to carry out its ship construction contracts is a question of materials allocation which is in the hands of the Government as represented by the War Production Board." He added:

"The shipbuilding industry is doing everything within its power to train new men, and to replace those who leave with older men. It likewise is taking seriously the advice of Government authorities to employ women in shipbuilding.

"The question boils down to this: Can we expect to win the war by working 47.4 hours a week? Shipbuilders in Britain are working 57 hours a week. The answer, as in the instance of materials, must be given by our Government."

Mr. Korndorff is also indicated as saying that the unprecedented pick-up in American shipbuilding since our entry into the war was attributed not only to mass production methods adapted to the making of ships' parts, but also to the rapid increase in the number of shipyards. Mr. Korndorff urged that America and the United Nations not only must win the war. as well as the peace, but maintain our armament and continue shipbuilding afterward to safeguard our liberty and freedom.

In introducing Mr. Korndorff, Frederick E. Hasler, President of the Chamber, who presided at the meeting, said that "ships are the very life line of the global war we are fighting, where so much depends on the ability of the nation's shipbuilding industry to speed up production until it far outdistances any possible maximum of enemy destruction."

Newark News Raises Price

The Newark News effective as of November 2 raised its price to 4 cents. The paper said that the increased price was due to the steadily rising costs of publishing a newspaper in wartime and to the reduction in advertising revenue.

WPB Approves Pipeline Extension To East Coast

The War Production Board announced on Oct. 28 that the Texas-Illinois pipeline now under construction will be extended to the Atlantic seaboard. Donald M. Nelson, Chairman of the WPB, said that 224,000 tons of steel will be allocated for the extension.

This action had been recommended by Petroleum Coordinator Harold L. Ickes as a means of assuring the delivery of 300,000 barrels of crude oil daily to the Eastern seaboard. Associated Press Washington accounts reported:

Construction work on the extension awaits completion of the 530,-mile leg now being laid between Longview, Tex., and Norris City, and the transfer of construction crews to work sites along the route to the east coast. The Longview-Norris City leg is scheduled to be completed in December, but Secretary Ickes said on Nov. 1 that this may be sooner, in view of the fact that 65% of the line—more than 345 miles—is now laid.

Ralph K. Davies, Deputy Petroleum Coordinator, predicted the first deliveries to the east coast will be made by June 1.

From Norris City the line will extend across Indiana and Ohio to Phoenixville, Pa., from where branch lines will be laid to the Philadelphia and New York areas. Twenty-five pumping stations will force the oil from Longview to terminals at the New York-Philadelphia refinery district.

Expected to ease the overflow pressure which has forced shutting down of some Southwestern oil fields for lack of an outlet, the 1,380-mile line will be 24 inches all the way to Phoenixville, at least, Mr. Ickes said. It is being built for the Government by War Emergency Pipeline, Inc., an organization of the petroleum industry.

The Texas-Illinois pipeline was referred to in these columns July 23, page 275.

Urges Plants To Set Up Transportation Plans

Certain industrial and other plants with 100 employees or more will be required to set up Organized Transportation Plans under nation-wide mileage rationing to assure workers adequate means of getting to their jobs despite rationing restrictions, the Office of Price Administration announced Oct. 28 acting in accord with the national rubber conservation program. The OPA announcement says:

"The Transportation Plan, in each case, will be organized under a committee, or individual, thoroughly familiar with transportation facilities around the plant, with distances employees must travel, their need for autos to get them to and from work, and their ability to share cars.

"The committee, or official, in charge of each Organized Transportation Plan, should be a joint management-labor group, OPA officials said, or a similar group or individual appointed by agreement between management and labor representatives.

"Under the new OPA mileage regulations, this committee must review the application of all employees at such establishments seeking more gasoline rations than the basic A book provides. Committee approval must be obtained before the application is submitted to a local War Price and Rationing Board.

"Urging the affected plants to set up their Transportation Plans at once, OPA officials pointed out that local rationing boards will begin receiving applications for supplemental rations on Nov. 12. This means that transportation committees should be organized in the plants before that date."

From Washington

(Continued from first page)

be attempted by the new Congress is to get a reexamination of the appropriations it has provided for the countless agencies. It can do this, and will attempt to do it, by rescinding all unexpended appropriations which run up to around $100,000,000,000. It is important that it do this because as long as the bureaucrats have this money they aren't likely to pay any attention to any legislation restricting them which Congress might pass. Congress has got to regain control of the purse strings to exercise its influence. To do this it can make every agency come back to Congress and justify the funds it has already been given and those which it seeks. Running through this procedure will be Congress' determination to cut down appreciably on the civilian personnel, even the civilian personnel of the War Department. One Senator, who will have influence, intends to seek a resolution by both House and Senate, to be used as a measuring stick, calling for a horizontal reduction of 50%. There are competent authorities who believe such a drastic reduction would be conducive to the conduct of the war.

With a view to helping small business and encouraging civilian production there will be a definite move against the 40-hour work week. Bills to this effect have, in fact, already been introduced, but when it comes around to serious consideration of them, several factors will militate against any excited rolling back of Labor's so-called social gains. Foremost will be the determination of the rejuvenated Republican Party not to become stamped as a deliberate anti-labor party. Secondly, influences in both parties as well as industrial influences do not want to run the risk of labor disorders which they believe would follow an outright reduction of workers' weekly earnings. What is likely to emerge will be some arrangement whereby the workers now employed in big war plants and enjoying the 40-hour week with time and a half for a longer week under a union contract, will continue to receive this protection but relief will be given to the smaller employer who is not now working his employees more than 40 hours a week because he can't stand the time and a half for overtime.

Instead of there being any drastic onslaught against labor, such as outright repeal of the Wagner Act, the strengthened Congress will serve more as a warning against the labor excesses which have taken place. Already, the more radical labor leaders have been wholesomely affected by the election overturn, and similarly the hands of those leaders who have foreseen this reaction, have been strengthened.

There will undoubtedly be several investigating committees set up to throw the spotlight on the conduct of the war and what is going on in the bureaucracy under the guise of war's necessities.

The most important thing, however, will be for Congress to regain its power. And this it can only accomplish by bringing the Bureaucrats to the bar, lopping off their personnel and getting a firm hand over the appropriations that have been given them. This is where the real fight will come.

Govt. Must Supplement Private Business In Providing Post War Employment, Says Chase

America must rely on private enterprise and the profit motive to do the main job of creating and maintaining full employment after the war is over; but we should be prepared to supplement private enterprise with a program of public works and Government expenditures big enough to provide needed facilities and services and take up the slack in employment. This conclusion is reached by Stuart Chase, writer on economic subjects, in a special report on postwar problems which he is now completing for The Twentieth Century Fund. Advance portions of the report, titled "Goals for America: A Budget of our Needs and Resources," were made public by the Fund on Oct. 25. Pointing to the universally acknowledged goal of full employment and full production in postwar America, Mr. Chase warns against any ill-advised attempt to overturn the economic system in order to achieve it. He says:

"We have an enormous private business machine already functioning. It would be the height of folly to tear it up by the roots. Even in the war, while most producers no longer have to think much about pushing their sales, and many important decisions have left their hands, their organizations are still in being and most of them will be so after the war. We should use them. Employ the profit motive as widely as possible. Encourage businessmen to do all they can, and to take responsibility wherever they can. The critical point is to have in the federal government a conning-tower control charged with the duty of plugging any gaps in the front of full employment.

"If private businessmen do not want to undertake mass housing except with government financing, then arrange the financing. If doctors are unable to take care of all sick people on the orthodox fee basis, then make it possible to help doctors take care of all sick people. If private business cannot absorb all the unemployed—and it probably cannot—keep the great public works programs going side-by-side with private business."

Mr. Chase urges a new and wider concept of public works. "Broadly interpreted, public works include not only physical things that are built, but also services rendered in the public interest and administered by the government." Elaborating this latter point, Mr. Chase says:

"We come to a decision of critical importance. We can put the unemployed on the dole, or at raking leaves, which would mean that we had won the war and lost the peace. Or we can challenge our citizens with the greatest, most splendid, most uplifting series of public works which any civilization ever dreamed of.

"I have touched on them—whole cities to be rebuilt and decentralized; mighty watersheds to be tamed, like that of the Tennessee; the forests of America to be put on a perpetual yield basis, the grasslands to be restored, the entire transport system to be integrated; civic centers, libraries, museums, research laboratories, universities, public buildings to reflect an aspiring culture in a new architecture, and reflect it too in sculpture, painting, music, the theatre.

"Room can be found in such projects for all the man power we have available. When technology again gives us a surplus of man power some day—as it surely will—then hours of daily labor can come down, vacation periods grow longer."

New Dwellings Decrease

Construction was started on 394,000 new dwelling units in non-farm areas during the first nine months of 1942, principally to provide homes for war workers, Secretary of Labor Perkins reported on Oct. 31. "In spite of an increase of more than 60% in the number of publicly financed family dwelling units put under construction contracts, the number of new dwelling units started during the first nine months of 1942 represents a decrease of 32% as compared with the corresponding period of 1941," she said. "The 48% decrease in the number of new privately financed dwelling units reflects the War Production Board's order of April 9 halting virtually all new building unless essential to the conduct of the war. The Bureau of Labor Statistics estimates the permit valuations of the new dwelling units put under construction in non-farm areas during the first nine months of 1942 to aggregate approximately $1,-237,000,000. The non-farm area of the United States, as defined by the Bureau of the Census, includes all urban places and all rural places except farms."

Secretary Perkins further stated:

"Publicly financed projects for which construction contracts were awarded during the first nine months of 1942 will provide accomodations for 133,949 families. All of the 131,984 units under the jurisdiction of the Federal Public Housing Authority are reserved for war workers or families of military personnel. During the first nine months of 1941, 82,882 units, of which 76,415 were reserved for war workers, were put under construction contract in publicly financed projects. By the end of September 1942, the Federally financed war housing program had completed or under construction contract a total of 252,785 dwelling units in continental United States, not including dormitories, trailers, or portable units.

"One-family dwellings comprised approximately 82% of the total units started during the first nine months of 1942; 2-family dwellings accounted for 4%; and apartment houses for 14%. During the first nine months of 1941, 85% of the new units were of the 1-family type, 5% were of the 2-family type, and 10% were in multi-family structures. Privately financed multi-family units decreased 36%, but this was almost entirely offset by several large public projects including projects with a total of 11,529 temporary "war apartments." As a result, multi-family units started in the first nine months of 1942 decreased only 3% from the number started during the same period in 1941 while 1-family and 2-family units decreased 35 and 40%, respectively."

Postage On Civil Airmail Received Thru Army-Navy

Postmaster Albert Goldman of New York City announces on Oct. 28 that the air mail rate of 6 cents per **half** ounce or fraction thereof heretofore applicable to air mail to and from the personnel of the armed forces of the United States stationed outside the continental United States has been extended to air mail sent to or by contractors and civilian employees receiving mail through Army or Navy post offices outside the continental United States. The announcement added:

"Air mail sent by or to contractors and civilian employees under this regulation must show in the return card or address, as the case may be, that it is sent from or to an Army or Navy post office.

"The foregoing does not affect the present air mail rate to and from Alaska which is 6 cents for each ounce or fraction thereof."

President Gives Congress Report On Plan For Post-War Transport

President Roosevelt transmitted to Congress on Nov. 5 a report of the National Resources Planning Board recommending that all of the nation's railroad, highway, air and water transportation facilities be placed under a national transportation agency to plan post-war modernization of the system.

The report was made over a two-year period by an advisory committee of the NRPB, headed by Owen D. Young.

The Associated Press had the following to say regarding the report:

The committee visualized a demand of the nation after the war for cheaper, faster, better service.

The period of let-down from war production, the committee said, will be ideal for both public and private expenditure of money to create the desired transportation facilities, and at the same time make jobs for former soldiers and war workers.

"It is abundantly clear," the committee said, "that with the return of peace, the shackles will be broken and transport-rationed people will demand and secure a vastly enlarged system of highways, airways and to a lesser degree waterways that will overshadow all the progress of the past."

The railroads were pictured as a special problem, for which some—yet undevised—means must be found to provide government money for modernization, consolidation and reorganization.

In the motor field, the committee's comment follows:

"War conditions provide an excellent opportunity in the highway transportation industry for the redesign of automotive equipment along functional lines; and for the planning of a modern inter-regional highway system and urban express routes to accommodate the automobile of the future.

"Major emphasis in future highway development must be directed to the provision of express highways and off-street parking in urban areas."

Partly through government action and partly through more efficient operation and competition, the committee foresaw a reduction in the cost of transportation.

"A major objective for the future," the group said, "must be a lower level of rates and fares in the transport industry to place the rate structure in a more favorable position with respect to other prices, in order that restrictions on movement may be minimized"

The committee suggested that all Federal agencies dealing with transportation be amalgamated in a "national transportation agency," which would have broad powers both for direct action and for co-operative projects with state and local governments.

The agency, it was suggested, should have power to plan and order the consolidation of the nation's railways into "a limited number of systems arranged along regional lines, but avoiding systems of excessive size."

It would also have power to buy or acquire land to be used not only by the Federal, but also state and local governments, in building new highways, terminal facilities and supplying other transportation needs.

The agency also would be authorized to revise and simplify the whole system of determining rates and fares.

Another recommendation was that both the employers and the employes of the various branches of the transportation industry should be organized into nationwide organizations to settle all kinds of questions including wages, service, and benefits .

It is further proposed in the report that the Committee be given power to buy or acquire land to be used not only by the Federal, but also State and local governments, in building new highways, terminal facilities and supplying other transportation needs.

$2 Billion Treasury Offering Allotted

The subscription books for the cash offering on Oct. 26 of $2,000,000,000 of 7/8% Treasury Certificates of Indebtedness of Series D-1943 were closed at the close of business on Oct. 27.

The Treasury Department announced on Oct. 31 that subscriptions totaled $3,105,014,000 and allotments were $2,035,131,000. Of the total subscriptions, about $667,000,000 were allotted in full to all subscribers other than banks accepting demand deposits, $64,000,000 were allotted in full to banks entering subscriptions for not more than $25,000, and the remainder, representing subscriptions from banks for more than $25,000, were allotted 55%, but not less than $25,000 on any one subscription, with adjustments, where necessary, to the $1,000 denomination.

Subscriptions and allotments were divided among the several Federal Reserve Districts as follows:

Federal Reserve District	Total Subscriptions Received	Total Subscriptions Allotted
Boston	$170,228,000	$111,986,000
New York	1,615,675,000	1,095,747,000
Philadelphia	95,511,000	57,868,000
Cleveland	163,145,000	104,399,000
Richmond	105,041,000	66,746,000
Atlanta	81,277,000	48,196,000
Chicago	405,158,000	256,430,000
St. Louis	92,122,000	54,785,000
Minneapolis	41,366,000	26,290,000
Kansas City	85,157,000	51,311,000
Dallas	36,409,000	21,709,000
San Francisco	210,925,000	139,664,000
Total	$3,105,014,000	$2,035,131,000

The proceeds will be used to retire $1,507,000,000 of 1/2% Certificates of Indebtedness of Series A-1942, due on Nov. 1, and to obtain about $500,000,000 of "new money." This new financing brings the total of Treasury borrowings for October over the $6,000,000,000 mark. On Oct. 8-9 the Treasury offered and sold $4,100,000,000 of 2% bonds of 1950-52 and 1½% notes of 1946.

In order to insure widespread participation not only on the part of banks, but by corporations and others who may be interested in this type of security, the subscription books remained open two days and there were no restrictions as to the basis for subscribing to this issue. At their maturity, the certificates will be redeemed in cash, and will carry no exchange privileges.

The following regarding the new certificates is from the Treasury's announcement:

The certificates will be dated Nov. 2, 1942, will be payable on Nov. 1, 1943, and will bear interest at the rate of 7/8 of 1% per annum, payable on a semiannual basis on May 1 and Nov. 1, 1943. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000 and $100,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal Tax Acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official cricular released today.

When the Treasury resumed the offering of certificates of indebtedness in April, 1942, the securities industry was asked by the Secretary to call attention of non-banking investors to the issue. This procedure resulted in considerable distribution outside the banking system. It is expected the Victory Fund Committee will approach the same types of purchasers, calling attention to the new series now offered.

Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington. Banking institutions and securities dealers generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions from banks and trust companies for their own account will be received without deposit, but subscriptions from all others must be accompanied by payment of 2% of the amount of certificates applied for.

Subject to the usual reservations and within the amount of the offering, subscriptions for amounts not exceeding $25,000 from banks which accept demand deposits, and subscriptions in any amount from all other subscribers, will be allotted in full; subscriptions for amounts over $25,000 from banks which accept demand deposits will be allotted on an equal percentage basis, to be publicly announced.

Payment for any certificates allotted must be completed on or before Nov. 2, 1942, or on later allotment. As previously announced, Treasury Certificates of Indebtedness of Series A-1942, which mature Nov. 1, carry no exchange privileges, but such maturing certificates will be accepted at par in payment for any certificates of the series now offered which may be allotted.

Non-Farm Foreclosures

The declining significance of non-farm mortgage foreclosures in the national economy is emphasized by a drop of 27% in the number of cases during the first three quarters of 1942, as compared with 1941, the Federal Home Loan Bank Administration reported on Nov. 7. Likewise, the 1941 total was 21% below the same period in 1940. From January to September, foreclosures totaled 33,064 in 1942, 45,432 in 1941 and 57,534 in 1940.

A more than seasonal rise, it is stated, brought September figures to 3,360, as against 3,072 in August, but the total for the month was still 23% below September, 1941. The August to September rise was largely accounted for by the figures reported from one State.

The non-farm foreclosure index (1935-1939=100) stood at 25.3% for September. The peak since 1926, when such reports were first compiled was in 1933, when the foreclosure index reached 161. Over the past seven years, foreclosure rates in relation to population have been consistently lower in the western and middle-western areas of the United States.

Producers' Council Meeting In Pittsburgh

The semi-annual meeting of the Producers' Council will be held in Pittsburgh on Nov. 17 and 18. The Council looks upon its annual and semi-annual meetings as open meetings for the entire building products producing industry—non-members as well as members—and a general invitation is extended. The committee organization for the study of post-war planning, authorized by the annual meeting of the Council last June, has been completed, and the initial meetings of these committees will be held at the forthcoming semi-annual meeting in Pittsburgh, Nov. 17 and 18.

The meeting will devote major consideration to current problems confronting manufacturers of building materials and equipment—that is (1) markets or demands for building products. (2) manpower problems and (3) proposed concentration of manufacturing.

Extension Of Unemployment Insurance Coverage And Benefits Is Recommended

Stressing the belief that America's labor force is entitled to the fullest possible protection against periods of idleness, New York City Welfare Commissioner William Hodson recommended in a report submitted to Mayor LaGuardia on Nov. 2 that unemployment insurance coverage be extended to include more workers, especially those employed in small business establishments and that benefits be increased, particularly for large families, by allowing an extra differential for those families having one or more dependents. Commissioner Hodson's report was based on a joint study made by the Department of Welfare and the New York Unemployment Insurance Advisory Council. It shows the extent to which a group of relief recipients—(12,113 persons in 4,416 family units)—accepted over a five-week period have been affected by Unemployment Insurance. Commissioner Hodson said:

"Our study shows conclusively that most of the unemployed but employable relief recipients were excluded from unemployment insurance benefits. This was particularly true of the provision which excludes persons employed in establishments with fewer than four employees because so many of our small business concerns here employ less than four persons. Thus men and women working in small concerns are at a distinct disadvantage. In like manner large families are also at a disadvantage because the law provides no differential at the present time for the number of dependents the worker covered by unemployment insurance may have. Our study showed that even during the time such a family was in receipt of unemployment insurance benefits it was necessary to have these benefits supplemented by relief money in order that a minimum standard of living might be maintained."

In referring to the inadequacy of unemployment insurance benefits for large families, Commissioner Hodson pointed out that the relief allowance which is based on the individual needs of all members of the family group, and consequently varies with the size of the family, was substantially higher for large families than the amount provided through the unemployment insurance benefit, which is a fixed sum. On the other hand, he said, the unemployment insurance benefit is larger than the relief allowance in cases where only a single individual is involved. The same is true in about half of the two-person families.

From a summary of Commissioner Hodson's unemployment insurance study we take the following:

"The survey covers 12,113 persons in 4,416 family units, including unattached persons. There were 4,565 persons under 16 and 7,548 adults. The average size of the family unit was 2.74 persons.

"Of the adults, 2,755, or 36.5%, were formerly employed. Of the formerly employed 65.2% were male, 34.8% female; 70.2% white, and 29.8% non-white. Almost 53% of the formerly employed were in the age group 25 through 44 while 29.6% were 45 or over.

"One-third of the formerly employed persons were accepted for home relief four weeks or less after loss of last employment and two-thirds were accepted within the first three months.

"On the average, each formerly employed person had been unemployed for 20 weeks since loss of last employment.

* * *

"Of the 2,755 formerly employed persons, 2,217 did not qualify for unemployment insurance in the benefit year during which this study was made. About 42% of these were not eligible because they were not covered by the New York State Unemployment Insurance Law, the great majority of them having been employed formerly in establishments having fewer than four employees. Over 36% did not have sufficient earnings in the base year to qualify for unemployment insurance, though they had been in covered employment."

It is also noted in the announcement regarding the study that:

"In 1942 the New York State Unemployment Insurance Law was amended: Beginning June 1, 1942, the maximum benefit rate is $18 instead of $15 a week, the benefits are paid for a period of 20 weeks instead of 13, the waiting period is reduced from three to two weeks. Beginning December, 1942, unemployment insurance will be extended to partially unemployed workers."

War Training At 8 Years Decreed In Russia

The Council of People's Commissars at Moscow on Oct. 29 issued a decree introducing military training in Russian elementary schools and ordered all boys and girls to start training under Red Army officers, beginning with their fourth school year, said United Press advices from Moscow on Oct. 29, which added:

"Training will begin at the age of eight years and continue to 18," the decree said: "The decree broadens universal military training in Russia to include virtually the entire population, as it already was required for all able-bodied adults up to 55 years.

"Under the new program boys will be trained in both single-handed fighting and platoon exercises. Girls will be taught to be war nurses or radio or telephone operators. The courses will be under direction of the War Commissariat.

"During the first and second years of training pupils will have one hour of instruction a week, and in the third and fourth years two hours. From the fifth to the tenth year the periods will be five hours a week and will include instruction in throwing hand grenades, firing a rifle, machine-gun drill, anti-tank exercises and tactical studies.

"The courses will include also chemistry, skiing, hand-to-hand combat and marches up to 12 miles. Boys in their eighth and ninth school years will pass two weeks in military camps studying topography, tactics and construction of trenches and dugouts."

To Speed Plane Mfr.

Charles E. Wilson, who recently resigned as President of the General Electric Co. to become a Vice Chairman of the War Production Board, will first concentrate on speeding up aircraft production, it is reported. When he was appointed to the WPB post in September, Chairman Donald M. Nelson said that Mr. Wilson would be the "top production authority in the war program and will have the responsibility of seeing to it that programs and schedules for all phases of our war effort are met" (this was noted in our Oct. 1 issue, page 1186). Although Mr. Wilson's authority has not been formally outlined, it is understood he will shortly be assigned control over the whole military production program, beginning with plans to stimulate war plane production.

Salary Regulations Setting $25,000 Maximum Issued By Economic Stabilization Director

(Continued from first page)

means the Commissioner of Internal Revenue.

(d) The term "Code" means the Internal Revenue Code, as amended and supplemented.

(e) The term "salary" or "salary payments" means all forms of direct or indirect compensation which is computed on a weekly, monthly, annual or other comparable basis, except a wage basis, for personal services of an employee irrespective of when rendered, including bonuses, additional compensation, gifts, loans, commissions, fees, and any other remuneration in any form or medium whatsoever (excluding insurance and pension benefits in a reasonable amount).

(f) The term "salary rate" means the rate or other basis at which the salary for any particular work or service is computed either under the terms of a contract or agreement or in conformity with an established custom or usage.

(g) The term "wages" or "wage payments" means all forms of direct or indirect compensation which is computed on an hourly or daily basis, a piece-work basis, or other comparable basis, for personal services of an employee irrespective of when rendered, including bonuses, additional compensation, gifts, commissions, loans, fees, and any other remuneration in any form or medium whatsoever (but excluding insurance and pension benefits in a reasonable amount).

(h) The term "insurance and pension benefits in a reasonable amount" means

(1) contributions by an employer to an employees' trust or under an annuity plan which meets the requirements of section 165(a) of the Code, and

(2) amounts paid by an employer on account of premiums on insurance on the life of the employee which amounts are deductible by the employer under section 23(a) of the Code, except that if such amounts are includible in the gross income of the employee under the Code, the amount in respect of each employee may not exceed five percent of the employee's annual salary or wages determined without the inclusion of insurance and pension benefits.

(i) The terms "approval by the Board" and "determination by the Board" shall, except as may be otherwise provided in the regulations or orders of the Board, include an approval or determination by an agent of the Board duly authorized to perform such act; and such approval or determination, if subsequently modified or reversed by the Board, shall nevertheless for the purpose of these regulations, be deemed to have been continuously in effect from its original date until the first day of the payroll period immediately following the reversal or modification or until such later date as the Board may direct.

(j) The terms "approval by the Commissioner" and "determination by the Commissioner" shall, except as may be otherwise provided in regulations prescribed by the Commissioner, include an approval or determination by an agent of the Commissioner duly authorized to perform such act; and such approval or determination, if subsequently modified or reversed by the Commissioner, shall nevertheless for the purpose of these regulations, be deemed to have been continuously in effect from its original date until the first day of the payroll immediately following reversal or modification or until such later date as the Commissioner may direct.

Sec. 4001.2—Authority of National War Labor Board — The Board shall, subject to the provisions of sections 1, 2, 3, 4, 8, and 9 of Title II of Executive Order No. 9250, of Oct. 3, 1942, have authority to determine whether any —

(a) Wage payments, or

(b) Salary payments to an employee totaling in amount not in excess of $5,000 per annum where such employee

(1) in his relations with his employer is represented by a duly recognized or certified labor organization, or

(2) is not employed in a bona fide executive, administrative or professional capacity are made in contravention of the Act, or any rulings, orders or regulations promulgated thereunder. Any such determination by the Board, made under rulings and order issued by it, that a payment is in contravention of the Act, or any rulings, orders, or regulations promulgated thereunder, shall be conclusive upon all Executive Departments and agencies of the Government in determining the costs or expenses of any employer for the purpose of any law or regulation, either heretofore or hereafter enacted or promulgated, including the Emergency Price Control Act of 1942 or any maximum price regulation thereof, or for the purpose of calculating deductions under the revenue laws of the United States, or for the purpose of determining costs or expenses under any contract made by or on behalf of the United States. Any determination of the Board made pursuant to the authority conferred on it shall be final and shall not be subject to review by The Tax Court of the United States or by any court in any civil proceedings.

Sec. 4001.3—Rules, Orders and Regulations of Board—The Board may make such rulings and issue such orders or regulations as it deems necessary to enforce and otherwise carry out the provisions of these regulations.

Sec. 4001.4 — Authority of the Commissioner of Internal Revenue — The Commissioner shall have authority to determine, under regulations to be prescribed by him with the approval of the Secretary of the Treasury, whether any salary payments other than those specified in paragraph (b) of section 4001.2 of these regulations are made in contravention of the Act, or any regulations or rulings promulgated thereunder. Any such determination by the Commissioner, made under such regulations, that a payment is in contravention of the Act, or any rulings or regulations promulgated thereunder, shall be conclusive upon all Executive Departments and agencies of the Government in determining the costs or expenses of any employer for the purpose of any law or regulations, either heretofore or hereafter enacted or promulgated, including the Emergency Price Control Act of 1942 or any maximum price regulation thereof, or for the purpose of calculating deductions under the revenue laws of the United States, or for the purpose of determining costs or expenses under any contract made by or on behalf of the United States. Any determination of the Commissioner made pursuant to the authority conferred on him shall be final and shall not be subject to review by The Tax Court of the United States or by any court in any civil proceedings. No increase in a salary rate approved by the Commissioner shall result in any substantial increase of the level of costs or shall furnish the basis either to increase price ceilings of the commodity or service involved or to resist otherwise justifiable reductions in such price ceilings.

Sec. 4001.5—Rules and Regulations of Commissioner — The Commissioner may prescribe such regulations with the approval of the Secretary of the Treasury, and make such rulings as he deems necessary, to enforce and otherwise carry out the provisions of these regulations.

Sec. 4001.6—Salary Increases—In the case of a salary rate of $5,000 or less per annum existing on the date of the approval of these regulations by the President and in the case of a salary rate of more than $5,000 per annum existing on Oct. 3, 1942, no increase shall be made by the employer except as provided in regulations, rulings, or orders promulgated under the authority of these regulations. Except as herein provided, any increase made after such respective dates shall be considered in contravention of the Act and the regulations, rulings, or orders promulgated thereunder from the date of the payment if such increase is made prior to the approval of the Board or the Commissioner, as the case may be.

In the case, however, of an increase made in accordance with the terms of a salary agreement or salary rate schedule and as a result of

(a) individual promotions or reclassifications,

(b) individual merit increases within established salary rate ranges,

(c) operation of an established plan of salary increases based on length of service,

(d) increased productivity under incentive plans,

(e) operation of a trainee system, or

(f) such other reasons or circumstances as may be prescribed in orders, rulings, or regulations, promulgated under the authority of these regulations,

no prior approval of the Board or the Commissioner is required. No such increase shall result in any substantial increase of the level of costs or shall furnish the basis either to increase price ceilings of the commodity or service involved or to resist otherwise justifiable reductions in such price ceilings.

Sec. 4001.7—Decreases in salaries of less than $5,000—In the case of a salary rate existing as of the close of Oct. 3, 1942, under which an employee is paid a salary of less than $5,000 per annum for any particular work, no decrease shall be made by the employer below the highest salary rate paid for such work between Jan. 1, 1942, and Sept. 15, 1942, unless to correct gross inequities or to aid in the effective prosecution of the war. Any decrease in such salary rate after Oct. 3, 1942, shall be considered in contravention of the Act and the regulations, rulings, or orders promulgated thereunder if such decrease is made prior to the approval of the Board or the Commissioner, as the case may be.

Sec. 4001.8—Decreases in salaries of over $5,000—In the case of a salary rate existing as of the close of Oct. 3, 1942, under which an employee is paid a salary of $5,000 or more per annum, no decrease in such rate made by the employer shall be considered in contravention of the Act and the regulations promulgated thereunder (see section 5 (b) of the Act); provided, however, that if by virtue of such decrease the new salary paid to the employee is less than $5,000 per annum, then the validity of such decrease below $5,000 shall be determined under the provisions of section 4001.7 of these regulations.

Sec. 4001.9—Limitation on Certain Salaries—(a) No amount of salary (exclusive of any amounts allowable under paragraphs (b) and (c) of this section) shall be paid or authorized to be paid to or accrued to the account of any employee or received by him during the taxable year which, after reduction by the Federal income taxes on the amount of such salary, would exceed $25,000. The amount of such Federal income taxes shall be determined (1) by applying to the total amount of salary (exclusive of any amounts allowable under paragraphs (b) and (c) of this section) paid or accrued during the taxable year, undiminished by any deductions, the rates of taxes imposed by Chapter 1 of the Code (not including section 466) as if such amount of salary were the net income (after the allowance of credits applicable thereto), the surtax net income, and the Victory tax net income, respectively, and (2) without allowance of any credits against any of such taxes.

(b) In any case in which an employee establishes that his income from all sources is insufficient to meet payments customarily made to charitable, educational or other organizations described in section 23 (o) of the Code, without resulting in undue hardship, then an additional amount sufficient to meet such payments may be paid or authorized to be paid to or accrued to the account of any employee or received by him during the taxable year even though it exceeds the amount otherwise computed under paragraph (a).

(c) In any case in which an employee establishes that, after resorting to his income from all sources, he is unable, without disposing of assets at a substantial financial loss resulting in undue hardship, to meet payments for the following:

(1) Required payments (excluding accelerated payments) by the employee during the taxable year on any life insurance policies on his life which were in force on Oct. 3, 1942,

(2) Required payments (excluding accelerated payments) made by the employee during the taxable year on any fixed obligations for which he was obligated on Oct. 3, 1942,

(3) Federal income taxes of the employee for prior taxable years which are paid during the taxable year, not including Federal income taxes on the allowance under paragraph (a) for any prior year, an additional amount sufficient to meet such payments may be paid or authorized to be paid to or accrued to the account of any employee or received by him during the taxable year, even though it exceeds the amount otherwise computed under paragraph (a).

(d) In the case of an individual who is an employee of more than one person, the aggregate of the salaries received by such individual shall, under such circumstances as may be set forth in regulations promulgated under the authority of these regulations, be treated as if paid by a single employer.

(e) No amount of salary shall be paid or authorized to be paid to or accrued to the account of any employee or received by him after the date of approval of these regulations by the President and before Jan 1, 1943, if the total salary paid, authorized, accrued or received for the calendar year 1942 exceeds the amount of salary which would otherwise be allowable under paragraph (a) of this section and also exceeds the total salary paid, authorized, accrued or received for the calendar year 1941.

(f) Except as provided in paragraph (e) of this section, the provisions of this section shall be applicable to salary paid or accrued after Dec. 31, 1942, regardless of when authorized and regardless of any contract or agreement made before or after such date.

Sec. 4001.10—Effect of unlawful payments—(a) If any wage or salary payment is made in contravention of the Act or the regulations, rulings or orders promulgated thereunder, as determined by the Board or the Commissioner, as the case may be, the entire amount of such payment shall be disregarded by the Executive Departments and all other agencies of the Government in determining the costs or expenses of any employer for the purpose of any law or regulation, including the Emergency Price Control Act of 1942, or any maximum price regulation thereof, or for the purpose of calculating deductions under the revenue laws of the United States, or for the purpose of determining costs or expenses of any contract made by or on behalf of the United States. The term "law or regulations" as used herein includes any law or regulation hereafter enacted or promulgated. In the case of wages or salaries decreased in contravention of the Act or regulations, rulings or orders promulgated thereunder, the amount to be disregarded is the amount of the wage or salary paid or accrued. In the case of wages or salaries increased in contravention of the Act or regulations, rulings or orders promulgated thereunder, the amount to be disregarded in the amount of the wage or salary paid or accrued and not merely an amount representing an increase in such wage or salary. In the case of a salary in excess of the amount allowable under section 4001.9 of these regulations which is paid or accrued to an employee during his taxable year in contravention of the Act or regulations, rulings or orders promulgated thereunder, the amount to be disregarded is the full amount of such salary and not merely the amount representing the excess over the amount allowable under such section 4001.9.

(b) Payments made or received in violation of any regulations, rulings or orders promulgated under the authority of the Act are subject to the penal provisions of the Act.

Sec. 4001.11—Exempt employers—The provisions of sections 4001.6, 4001.7 and 4001.8 of these regulations shall apply only in the case of an employer who employs more than eight individuals.

Sec. 4001.12 — Salary Allowances under Internal Revenue Code—No provision of these regulations shall preclude the Commissioner from disallowing as a deduction in computing Federal income tax any compensation paid by an employer (regardless of the number of employees and of the amount paid to any employee) in excess of a "reasonable allowance" in accordance with the provisions of section 23 (a) of the Code.

Sec. 4001.13—Statutory Salaries and Wages—These regulations shall be applicable to any salary or wages paid by the United States, any State, Territory or possession, or political subdivision thereof, the District of Columbia, or any agency or instrumentality of any one or more of the foregoing, except where the amount of such salary or wages is fixed by statute.

Sec. 4001.14 — Territories and Possessions—The Board and the Commissioner shall have the authority to exempt from the operation of these regulations any wages or salaries paid in any Territory or possession of the United States where deemed necessary for the effective administration of the Act and these regulations.

Sec. 4001.15 — Regulations of Economic Stabilization Director—The Director shall have authority to issue such regulations as he deems necessary to amend or modify these regulations.

Sec. 4001.16—Effect of Executive Order No. 9250—To the extent that the provisions of Executive Order No. 9250, dated Oct. 3, 1942 (7 F. R. 7871) are inconsistent with these regulations, such provisions are hereby superseded.

JAMES F. BYRNES
Economic Stabilization Director

Approved:
Franklin D. Roosevelt
The White House
Oct. 27, 1942.

Britain Has Cut 'Unessential' Production To As Little As 10% Of Normal To Achieve War Output

To achieve its present unequalled per capita war output, Great Britain has reduced "unessential" production in some instances to as little as 10% of normal, and in no case permits such production to exceed 35% of normal, according to a study of British war production controls by the National Industrial Conference Board. "Those industries and trades," the Board says, "which could not convert directly to war production have been forced by governmental policy to free raw materials, labor, machinery, and factory space for use in the war program."

Insured workers in 30 consumers' goods industries, according to the Board, declined from about 1,000,000 at the beginning of the war to about 700,000 in the spring of 1941 when the so-called "concentration of industries" plan was invoked. The concentration plan procedures released a further 250,000 up to July, 1942. "The measures taken represent a radical innovation which has been carried out with a fair measure of success," the Board adds.

In discussing British contraction of consumers' goods industries, the Board on Nov. 2 said:

"The mobilization of Great Britain's resources for total war has produced many drastic changes in her productive structure. Under normal conditions these changes would have been considered impossible. The concentration program for the consumers' goods industry is one of the most radical of these innovations. British Production Minister, Oliver Lyttelton, recently announced that new measures would soon require the 'reallocation of industry' in general.

"British contraction has progressed through three stages. The initial restrictions by raw material controls and quota limitations on sales to retailers were supplemented in March, 1941, by the policy of 'concentration of production,' in which a few factories were designated as nucleus firms to take over the quotas of closed-out firms and produce the total amount allowed. The third, or present, stage calls for the production of only standard, fixed-price, 'utility' goods in a quantity closely calculated to satisfy essential civilian needs.

"This program has released an important number of skilled workers and machines as well as factory space for more essential uses. At the outset of the war, the controlled industries employed over 1,000,000 insured workers. By July, 1942, this number had fallen to approximately 450,000. Some 55,000,000 square feet of factory space has been released."

Concerning methods of "concentrating production," the Board has the following to say:

"Voluntary schemes predominate in the larger industries, such as pottery and hosiery, in which 80% and 70%, respectively, of the firms are covered by voluntary schemes. The principle of cooperative designation of nucleus firms was more difficult to apply in industries consisting of a large number of smaller units, such as jewelry, toy and sports goods, or of a small number of large but scattered units.

"Five broad methods for absorbing quotas have been used:

"1. Agency Agreement: The nucleus firm agrees to manufacture at cost for the closed firms, which then distribute the goods through their own selling organization, and under their own brands.

"2. Transfer of Quota: The closed firms sell their quotas to the nucleus firms for a specific sum.

"3. Levy and Compensation: The nucleus firms pay a levy on their additional production into a compensation fund out of which closed firms are paid a certain sum.

"4. Pooling: All firms in an industry join in a pool to operate the nucleus plants and share in their profits. Brand names disappear.

"5. Merger: Firms amalgamate permanently, or the nucleus firm buys out closed firms."

The "concentration of products" procedure is described by the Board as follows:

"With the designation of specific articles which can be produced by the nucleus firms, Britain's program for the contraction of nonessential industries has reached a third stage called 'Concentration of Products,' to distinguish it from the second stage, 'Concentration of Production.' The new program, which was first introduced in the clothing industry in the spring of 1942, calls for the production of only standard, fixed-price, 'utility' goods, in a quantity closely calculated to satisfy essential civilian needs.

"The President of the Board of Trade, Hugh Dalton, reported recently that 36 industries were now concentrated, and that 20 compensation schemes, covering whole industries or large sections of industries, had been approved. In the majority of cases, a central fund has been set up by a levy on the machine capacity or turnover of the nucleus firms. The first charge on these funds is for the care and maintenance of the plant and machinery of closed firms. Rents received from the use of the closed plants as storage space are paid into the central fund. The agency method is generally employed in the remaining 16 industries."

The British program is under close study by United States officials directly concerned with developing our "strategy for civilian production." In closing down certain paper and newsprint mills during the past month, Canada has already adopted a program of specific contraction within a given industry in place of the more familiar general reduction for a whole industry. Differences between the industrial organization and the degree of dependency on imports and vulnerability to air attack of the United States and Great Britain will prevent us from following the British experience in detail, but the methods employed and results achieved deserve careful consideration, the Board adds.

Morgenthau Terms Trip To London "Successful"

Secretary of the Treasury Henry Morgenthau, Jr., following his recent trip to England, has returned to the United States, having arrived here on Nov. 1 on a Pan American airplane. He was accompanied by Mrs. Morgenthau. With his arrival at La Guardia Field, Mr. Morgenthau said:

"I consider that the trip was very interesting and very successful. I came back very much encouraged by what I saw, and I was particularly filled with admiration for the women of England. I also had some very good talks with officials of the English Treasury."

According to the New York "Times," Mr. Morgenthau said he also had conferred with W. Averell Harriman, United States Lend-Lease official stationed in London. It is understood that while in London Secretary Morgenthau held discussions concerning British-American financial arrangements. His arrival by plane there was disclosed on Oct. 16, when he held lengthy conferences with John G. Winant, American Ambassador. Mr. Morgenthau said at that time that he was not on any official mission but just on "Treasury business." On Oct. 17 the Secretary conferred with British Treasury officials and in the evening was guest of honor at a dinner given by Sir Kingsley Wood, Chancellor of the Exchequer.

Mr. Morgenthau on Oct. 23 visited Dover with Prime Minister Wintson Churchill and Field Marshal Jan Christian Smuts, Premier of South Africa. Others in the party included Sir Kingsley Wood and W. Averell Harriman, American Lend-Lease expeditor in London.

On Oct. 24 the Secretary continued his tour of English cities, visiting Portsmouth. Mr. Morgenthau was also welcomed in the House of Commons during his visit to London. Sir Kingsley Wood, Chancellor of the Exchequer, in a formal address of welcome, saying, according to London Associated Press accounts:

"Wartime relations between the two governments have been of the happiest and are a good augury for the way in which we shall together deal with many problems which face us now and with others with which we will be confronted when the war is over."

On his flying trip to London, Mr. Morgenthau was accompanied by Dr. Harry D. White, Director of the Treasury's Division of Monetary Research.

Myron S. Short Heads N. Y. Savs. Banks Ass'n

Myron S. Short, Executive Vice President of the Buffalo Savings Bank, was elected President of the Savings Banks Association of the State of New York at its annual meeting in New York City on Oct. 28. As head of the Association Mr. Short succeeds Henry Bruere, President of the Bowery Savings Bank. Mr. Short, a native of Buffalo, born in 1887, was admitted to the bar in March 1909, became Assistant Attorney of the Buffalo Savings Bank in 1921 and one of its Trustees in 1930. He became actively associated with the bank in the office of Secretary in 1934 and through subsequent promotions became Executive Vice President early this Fall. He has been active in the affairs of the Association over a long period of years, serving as Chairman of Group I representing the savings banks of the western part of the State, for three years, a member and Chairman of its Legislative Committee, Chairman of its Committee on the Cost of Government, member of the Executive Committee, and Director of both the Savings Banks Trust Company and Institutional Securities Corporation, organizations wholly owned by the savings banks. In accepting the office, Mr. Short stated:

"I feel very humble as I accept this responsibility at your hands. The task ahead of us is great but I feel that with the highest possible standards of good management and active trusteeship we can render a service to our people and to our country unequalled by the excellent record made by our institutions through wars, panics, depressions, floods and pestilence.

"John Sullivan, Assistant Secretary of the Treasury, told us yesterday that the American people next year would have 36 billion dollars more than they had three years ago—that 36 billion dollars must go into savings and it is our job to take the lead in seeing that this is accomplished.

"In accepting this job, I come to you not with peace but the sword.

"Together we can wage a crusade through resolute and aggressive action that will justify the confidence the people of New York State have shown in us."

Senate Group Seeks Full Use Of Small Plants In War Effort—Senator Mead's Bill

In behalf of small business, a bill was introduced in the U. S. Senate on Oct. 29 by Senator Mead (Dem.), of New York, providing for an annual appropriation of $10,000,000 to the Department of Commerce for the maintenance of the field consulting service to assist small business in solving war and post-war problems. This was indicated in advices to the New York "Journal of Commerce" from its Washington bureau Oct. 29, which also stated that it was learned at the same time that the Smaller War Plants Corporation, which has sought to fit small business into the war production program through more widespread use of subcontracting, is seeking a clear statement of policy, if not a directive, from Army procurement officials regarding the placement of contracts with small concerns. From the same advices we quote:

"Senator Mead in presenting his proposal today declared that small business 'has never been given the immediate aid and assistance which it deserves.' Noting that assistance is especially important at this time, he declared that creation of a field consulting service within the Department of Commerce would enable the Government to bring advice to business men 'close to home.'

" 'Today when pressures of the war effort are causing so many hardships among small business concerns there is not time for each individual to consult with Washington nor confer with widely separated regional offices,' the Senator declared. 'Men out in the field trained in the best business practices could, I believe, do much to help keep many small concerns going.

" 'There should, moreover, be no great difficulty in obtaining personnel for such an undertaking. Many able business men have had to yield their place in the economic scheme because of war production. They are anxious to do something that will aid both Government and themselves. They should be willing and able recruits and will be fully equipped to give the managerial advice which is so badly needed.' "

The special Senate Small Business Committee investigating the problems of small firms in war time was told on Oct. 15 by Lt.-Gen. Brehon Somervell, chief of the War Department's Services of Supply, that hundreds of them will have to close because the Army simply cannot fit them into its production program.

While contending that every effort was being made to utilize small plant facilities, Gen. Somervell testified that existing war production lines would not be allowed to slow down in order to place work with small plants "where such action will interfere with deliveries to troops."

Senator Murray (Dem., Mont.), Chairman of the Senate group, charged Gen. Somervell with failing to utilize small business fully.

In reporting this, Associated Press Washington accounts further said in part:

Gen. Somervell told the committee that "all the small factories in the country couldn't turn out one day's ammunition for Allied troops," and that production schedules must not be interrupted to permti full utilization of such plants.

He assured the Senator that "simple items" were being placed with small concerns, and this policy would be expanded "in order to allow more capacity production on complicated items" in bigger factories.

According to the account in the "Journal of Commerce" quoted in part above, officials of the Smaller War Plants Corporation are represented as feeling that the apprehensions raised by Gen. Somervell's statements before the committee would to some extent be dispelled by a public announcement that where possible procurement officers will try to place orders with small concerns. The advices added:

"What these officials would like to have the Army supply chief do is to issue directives to procurement officers instrucing them to abide by such a general policy. This is regarded as all the more essential if the War Production Board should establish a materials distribution system which would place in the Army, Navy, and Maritime Commission authority for allocation of materials to plants which have signed contracts with them."

The Senate Committee's opening day hearings (Oct. 13) were concerned with the small busineess situation in New York City. Several witnesses, headed by Mayor F. H. La Guardia, testified that New York City has only received a small fraction of the war contracts that its normal productive capacity would justify. Mayor La Guardia declared there was need for "an aggressive mobilization of small factories under the recently enacted Smaller War Plants Corporation Act."

Others who testified included George A. Sloan, Commissioner of the City's Commerce Department; Wadsworth W. Mount, Manager of the Industrial Bureau of the Commerce and Industry Association of New York, and Stanley J. Cummings, Executive Secretary of the National Association of Uniform Manufacturers.

President Reports On Impressing Property

In his first report to Congress on operation of the Property Requisitioning Act of 1941, President Roosevelt revealed on Oct. 29 that the requisitioning authority had enabled the Government to obtain for war production more than 10,000,000 pounds of aluminum from idle and excess inventories which the owners "originally refused to sell at fair prices." The President also said that the possibility of the Government's exercising the requisitioning power "has been an influential factor in the case of other critical materials."

The actual tabulation of seizures during the first year of operation of the law (Oct. 16, 1941, to Oct. 16, 1942) disclosed that 267 requisitions of property had been made.

However, the President's report emphasized:

"The importance or significance of the requisitioning authority cannot be demonstrated by any statistical tabulation of the quantity of material actually requisitioned. The existence of the authority and its use in a limited number of instances has unquestionably expedited the voluntary sale of large quantities of critical materials, equipment, machinery and finished products."

Regarding the property seized, the New York "Times" in its Washington advices of Oct. 29, said:

Requisitioning was also started with respect to 215,214 pounds of copper, 1,000,000 board feet of lumber, 13,647,595 feet of railroad relay rail, 351 tons of rubber, 194,695 pounds of solder mix, 293,440 pounds of tin, 142 tons of steel, and 10,487,279 pounds of zinc concentrates.

In addition, a number of other items were requisitioned, such as an alcohol still, a blast furnace, boats, two electric power plants, various types of machine tools and machinery, and usable track and railroad equipment.

The enactment into law of this bill was reported in these columns of Oct. 30, 1941, page 831.

Sproul Urges Reserve Banks To Cut Idle Excess Reserves & Invest In Govt. Bonds

Allen Sproul, President of the Federal Reserve Bank of New York, on Oct. 30 sent a circular to directors and executive officers of all member banks in the Second Reserve District advising them that "the present war financing situation suggests that banks should now abandon the practice of holding large amounts of excess reserves, with the knowledge that by investing their funds more fully through purchases of Treasury securities, they will be assisting in the war effort without sacrificing their ability to meet any demands for cash which may be made upon them." In part Mr. Sproul also says:

"Vigorous efforts are being made to sell Government securities to the general public and to savings institutions, and more vigorous efforts will be made. Large sums will be obtained in this way, particularly if the banks increase their own efforts to sell Government securities to non-bank investors which includes, of course, their own customers and depositors. For the rest, it will be necessary for the commercial banks of the country, giving vigorous and continuing support to the war financing program, to purchase large amounts of Treasury securities. There can be no question of the willingness of the banks to do their share in providing the Treasury with funds, but it is important that all banks participate in this operation, in proportion to their available resources.

"In recent years, banks in this country have become accustomed to carrying large amounts of idle funds in excess of their required reserves. In the period when bank reserves were increasing rapidly and when demands for bank credit were limited, it was appropriate, in many cases, for the banks to hold idle excess reserves. But the greatly changed situation which has arisen since our entry into the war is now giving the banks an opportunity to invest their available funds more fully, and creates the responsibility so to do. The policy of continuing to hold substantial amounts of idle excess reserves is no longer appropriate nor desirable when such huge amounts of funds are required to finance this country's participation in the war.

"The Federal Reserve System stated on December 8, 1941, that it is perpared to use its powers to assure that an ample supply of funds is available at all times for financing the war effort. The banks need have no fear that if they invest in Government securities, they will run the risk of inability to meet demands on them for cash and for the maintenance of their reserves at the required levels. Several measures have already been taken by the Federal Reserve System to maintain adequate reserves in the commercial banks and to facilitate adjustments in the reserve positions of individual banks. These measures include large purchases of Government securities in the open market; the announcement of a fixed buying rate of ⅜% for Treasury bills at all Federal Reserve Banks, with the option available to the sellers to repurchase, any time before maturity, Treasury bills of a like amount and maturity at the same rate of discount; and the lowering of reserve requirements against demand deposits for central reserve city banks, which have sustained a persistent loss of reserves since the beginning of 1941. By these means, the Federal Reserve System has contributed substantially to the maintenance of member bank reserves. A wide distribution of the additional reserves which, in the first instance, have been released in substantial part in the principal centers, has been effected through Government borrowing in such centers and expenditure of the proceeds throughout the country. It has been the general experience of banks outside of the central reserve cities that, soon after they have invested surplus funds in new issues of Government securities, their deposits have increased and their reserves have been replenished by Government expenditures in their communities.

"Recognizing that there undoubtedly will be individual banks which will not share proportionately or immediately in the increase in deposits resulting from Government disbursements, or in the increase in reserve funds resulting from Federal Reserve open market operations, and that such banks may be subject to losses of reserves through currency withdrawals or other transactions, this bank has just established a discount rate of ½% for advances to member banks, secured by Government securities maturing or callable within one year or less. This rate supplements the 1% rate for advances secured by longer term Government obligations and for rediscounts of eligible paper, and is intended to encourage banks, as occasion requires, to obtain additional reserves against the pledge of some of their assets, thus avoiding the necessity of selling such assets to meet temporary situations.

"These various measures constitute assurance that banks will be provided with reserves, by one means or another, as additional reserves are needed, and they should make unnecessary the continued holding of idle reserves by individual banks as a protection against eventualities.

"Such holdings of idle funds, under war conditions, also deprive the banks of needed earnings. Bank expenses and taxes inevitably rise in a war period such as this, and at the same time deposit liabilities tend to increase much more rapidly than capital funds. The increased earnings that may be obtained from fuller utilization of available resources thus are helpful to the banks, both in covering their expenses and in providing net income which may be used to strengthen their capital positions. The varied types and maturities of securities now being offered by the Treasury afford banks ample opportunity to employ their available funds more fully, in the kinds of investments that are suitable to their individual needs."

Financial Report Forms Are Simplified By OPA

Simplification in the reporting forms by which 25,000 companies voluntarily file financial reports quarterly with the Office of Price Administration was announced on Oct. 21. An outline of the changes in the program, which provides basic financial data for studies of price control, was presented to the Washington Chapter of the National Association of Cost Accountants by Robert W. King, head of the examination section of OPA's Financial Reporting Branch. The most important change, says the OPA, eliminates the requirement that a company report individual salaries for its officers and for employees receiving $20,000 a year or over. Instead there are substituted simple tabulation of these salaries, showing the range and numbers of persons in this class but omitting reports on salaries of particular individuals. "This change," Mr. King explained, "decreases the amount of confidential information which companies are asked to supply without depriving OPA of sufficient detail with regard to executive salaries. So important is this change that insert sheets are being printed and will be available for the use of companies reporting on a fiscal year basis during the balance of 1942."

The OPA also says:

"Another change in the financial report forms, which will take effect on Jan. 1, 1943, will be a provision in the profit and loss schedule for reporting separately charges which are set up to provide wartime reserves. The instruction book which accompanies the forms will carry instructions for adapting the corporate-type statements to use for reporting sole proprietorships and partnerships. In some lines of business, reports from these forms of business organizations are necessary in order to get a complete picture of a given industry. In addition, the instruction book will be simplified and clarified in a number of respects in order to make the filing of financial reports easier."

In conclusion Mr. King said:

"Our experience with these forms to date, indicates two things, first, that the reports are extremely valuable to the operating divisions of OPA, and, second, that the burden on respondents is at a minimum compatible with our need for information. We have had many compliments on the simplicity and technical excellence of the forms, but we are always on the lookout for methods of further simplification, and we welcome constructive suggestions."

It is pointed out, that the financial reporting forms give OPA continuing and basic information on price control problems in industries subject to OPA regulation. At present reports are being obtained from virtually all companies with assets of $250,000 or more engaged in manufacturing, mining, construction, and selected companies in wholesale trade and related fields.

Halts Dam Projects

In line with its policy of curtailing construction, the War Production Board on Oct. 28 revoked priority ratings for seven power and irrigation projects in the West, including part of Grand Coulee Dam. The order prohibits builders from continuing construction or installation on the projects, except for purposes of safety or health, or to avoid undue damage to materials, in which case the effective date is Nov. 15.

United Press Washington advices reported:

The projects are all sponsored by the Federal Reclamation Bureau, but the two orders affecting Grand Coulee apply to a private contractor. One order is directed against the east power house and the second covers three units in the west power house.

These are the other projects affected:

Davis Dam, 30 miles west of Kingman, Ariz., entire project.

Colorado Big Thompson project, including Green Mountain and Granby Dams on the western side of the Continental Divide, a 13-mile tunnel and dams and power plants at Colorado Big Thompson, Estes Park and Mary's Lake, Colo. The order affects the tunnel and parts of the project located east of the Divide and the Granby Dam on the west side.

Keswick Dam, on the Sacramento River, California, including dam and three power plant units, all stopped.

Anderson Ranch project, on the Payette River, near Boise, Idaho. The stop order affects the entire project, including the dam and two power units.

Shasta Dam, on Sacramento River, California. Only one unit, No. 5, scheduled to begin generating 75,000 kilowatts in 1944, is affected.

All of the projects were to have been completed in 1944 or 1945.

President Asks Removal Of Trade Barriers Which Impede War Production Programs

In a special message to Congress on Nov. 2, President Roosevelt asked for power to suspend for the duration of the war any peacetime restrictive laws interfering with the "free movement of persons, property and information into and out of the United States."

The President did not recommend the repeal or amendment of any of the laws but asked that Congress give him "the power on a selective basis to suspend the operation of all or any such laws. in such a way as to meet new and perhaps unforeseen problems as they may arise and on such terms as will enable the Chief Executive and the government agencies to work out in detail parallel action in other countries."

Mr. Roosevelt recalled the policy of eliminating tariffs and other trade barriers between the United Sates and Canada during the war but said that "the needs of the war effort have multiplied our demands for a maximum and integrated war production not only at home and in Canada but in every country of the United Nations." He added:

"We must further take advantage of possibilities of procurement from every available source, foreign or domestic. Speed and volume of war output have become more than ever before in our history the primary conditions of victory."

The following is the President's message:

"On Dec. 23, 1941, I approved a statement of war production policy for Canada and the United States which contained the following recommendations:

"Legislative and administrative barriers including tariffs, import duties, customs and other regulations or restrictions of any character which prohibit, prevent, delay or otherwise impede the free flow of necessary munitions and war supplies between the two countries should be suspended or otherwise eliminated for the duration of the war.

"The needs of the war effort have multiplied our demands for a maximum and integrated war production not only at home and in Canada but in every country of the United Nations. We must further take advantage of possibilities of procurement from every available source, foreign or domestic. Speed and volume of war output have become more than ever before in our history the primary conditions of victory.

"To achieve an all-out war production effort, we must implement and supplement the steps already taken by the Congress and the President to eliminate those peacetime restrictions which limit our ability to make the fullest and quickest use of the world's resources.

"At my direction the government agencies have already removed and are engaged in removing, wherever posible, numerous administrative requirements and formalities affecting the movement of war goods, information and persons into and out of the United States, There remain, however, many legislative obstacles to that movement which impede and delay our war production effort.

"These obstacles fall into two classes: those directly affecting the movement to and from the customs territory of the United States of materiel, information and persons needed for the war effort, such as customs duties and the laws, and the administrative supervision required by law affecting movement of persons and property at our borders and ports, and those which impose limitations on the procurement, acquisition or use of non-American articles or the transportation of supplies in non-American bottoms, such as restrictions on the use. under construction differential subsidy contracts, of non-American materials in the construction of vessels under the Merchant Marine Act of 1936, as amended; on the procurement of any article of food or clothing not grown or produced in the United States or its possessions; on the acquisition for the public use, public buildings or public works of non-American articles, or the transportation by sea of Navy supplies except in vessels of the United States.

"I have already exercised by executive order the power granted under the first war powers act to extend to the government procurement agencies the authority granted to the Secretary of the Navy to make emergency purchases abroad of war materials and to enter them free of duty. This has measurably assisted our war effort, but it only partially eliminates the obstacles prescribed by law which I have already mentioned.

"I therefore recommend early enactment by the Congress of legislation to the extent required for the effective prosecution of the war, the free movement of persons, property and information into and out of the United States. I do now recommend that the Congress repeal or amend any of these peacetime restrictive laws.

"It is my judgement that the program can best be dealt with by giving to the President for the duration of the war, but no longer, the power on a selective and flexible basis to suspend the operation of all or any such laws, in such a way as to meet new and perhaps unforeseen problems as they may arise, and on such terms as will enable the Chief Executive and the government agencies to work out in detail parallel action in other countries."

Expresses U. S. Interest In Problem Of India

Secretary of State Hull said on Oct. 27 that the United States was in fact deeply interested in the problem of India and was watching for opportunities that might develop. Mr. Hull made these remarks at his press conference when asked for comment on criticism by Wendell L. Willkie of the Government's attitude toward the India problem. Mr. Willkie said in his radio talk of Oct. 26 that by the Administration's policy of silence on India "we have already drawn heavily on our reservoir of good-will in the East." His speech was given in our Oct. 29 issue, page 1545.

Asked about the speech, according to the Associated Press, Mr. Hull said the American attitude had been made known. He declined to take up in detail Mr. Willkie's criticism, pointing out that some American has something to say every day on some phase of the British-Indian situation, and, he added, such Americans have various views.

The Associated Press further reported:

"He (Secretary Hull) went on to say that the State Department for some time, and especially during this administration, had consistently proclaimed and carried forward in practice what it regarded as a forward-looking policy. It will continue to follow that policy, he said. It will not expect commendation, but it is to be expected, he added, that the criticism will diminish as time goes on and the full facts are understood."

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Nov 9	117.36	107.62	117.20	114.08	108.70	92.64	97.31	112.00	114.27
7	117.36	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
6	117.36	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
5	117.38	107.62	117.00	114.27	108.70	92.64	97.31	112.00	114.27
4	117.38	107.44	117.00	114.08	108.70	92.64	97.31	112.00	114.27
3				Exchange Closed					
2	117.38	107.62	117.20	114.27	108.70	92.64	97.31	112.00	114.27
Oct 30	117.38	107.44	117.00	114.08	108.70	92.50	97.31	112.00	114.27
23	117.38	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.27
16	117.37	107.44	117.00	114.08	108.70	92.50	97.31	111.81	114.46
9	117.38	107.44	117.20	114.08	108.70	92.50	97.31	111.81	114.46
2	117.39	107.27	117.00	113.89	108.52	92.35	97.16	111.81	114.27
Sep 25	117.51	107.27	117.00	113.89	108.70	92.06	97.00	111.62	114.08
18	117.62	107.27	117.00	113.70	108.52	92.06	96.85	111.81	114.08
11	117.75	107.09	116.80	113.50	108.34	92.06	96.69	111.81	113.89
4	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08
Aug. 28	117.85	106.92	116.80	113.31	108.16	92.06	96.54	111.62	114.08
21	117.93	106.92	116.80	113.31	108.16	92.06	96.38	111.44	114.08
14	117.92	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.03
7	117.97	106.92	116.61	113.12	108.16	91.91	96.23	111.44	114.27
July 31	118.11	106.92	116.41	113.50	108.16	91.77	96.07	111.44	114.27
24	118.22	106.74	116.61	113.31	107.98	91.77	95.92	111.62	114.08
17	118.22	106.74	116.41	113.12	107.98	91.62	95.77	111.44	114.27
10	118.26	106.74	116.41	113.31	107.80	91.62	95.77	111.25	114.08
3	118.09	106.56	116.22	113.12	107.98	91.34	95.77	111.25	113.89
June 26	118.14	106.39	116.22	112.93	107.80	91.05	95.47	110.88	113.89
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	107.62	117.20	114.27	108.70	92.64	97.47	112.00	114.46
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
Nov. 10, 1941	120.02	108.34	118.60	115.82	109.60	92.06	97.62	112.37	116.22
2 Years ago									
Nov. 9, 1940	118.35	105.69	117.60	113.70	105.52	89.09	94.86	110.15	113.12

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Nov 9	2.05	3.30	2.79	2.95	3.24	4.23	3.92	3.06	2.94
7	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
6	2.05	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
5	2.05	3.30	2.80	2.94	3.24	4.23	3.92	3.06	2.94
4	2.05	3.31	2.80	2.95	3.24	4.23	3.92	3.06	2.94
3				Exchange Closed					
2	2.05	3.30	2.79	2.94	3.24	4.23	3.92	3.06	2.94
Oct 30	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.06	2.94
23	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.94
16	2.05	3.31	2.80	2.95	3.24	4.24	3.92	3.07	2.93
9	2.05	3.31	2.79	2.95	3.24	4.24	3.92	3.07	2.93
2	2.05	3.32	2.80	2.96	3.25	4.25	3.93	3.07	2.94
Sep 25	2.04	3.32	2.80	2.96	3.24	4.27	3.94	3.08	2.95
18	2.03	3.32	2.80	2.97	3.25	4.27	3.95	3.07	2.95
11	2.03	3.33	2.81	2.98	3.26	4.27	3.96	3.07	2.96
4	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95
Aug 28	2.03	3.34	2.81	2.99	3.27	4.27	3.97	3.08	2.95
21	2.02	3.34	2.81	2.99	3.27	4.27	3.98	3.09	2.95
14	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
7	2.02	3.34	2.82	3.00	3.27	4.28	3.99	3.09	2.94
July 31	2.01	3.34	2.83	2.98	3.27	4.29	4.00	3.09	2.94
24	2.00	3.35	2.82	2.99	3.28	4.29	4.01	3.08	2.95
17	1.99	3,35	2.83	3.00	3.28	4.30	4.02	3.09	2.94
10	1.98	3.35	2.83	2.99	3.29	4.30	4.02	3.10	2.95
3	1.98	3.36	2.84	3.00	3.28	4.32	4.02	3.10	2.96
June 26	1.96	3.37	2.84	3.01	3.29	4.34	4.04	3.12	2.96
May 29	1.95	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
Apr. 24	1.99	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
Mar 27	1.96	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
Feb 27	2.11	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	2.05	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.24	4.23	3.91	3.06	2.93
High 1941	2.13	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	1.84	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago									
Nov. 10, 1941	1.85	3.26	2.72	2.86	3.19	4.27	3.90	3.04	2.84
2 Years ago									
Nov. 9, 1940	1.98	3.41	2.77	2.97	3.42	4.48	4.08	3.16	3.00

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Sept. 17, 1942, page 995.

Moody's Common Stock Yields

Yearly average yields in the years 1929 to 1941 inclusive and monthly average yields for 1941 will be found on page 2218 of the June 11, 1942 issue of the "Chronicle."

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Month—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
January, 1942	7.4%	7.2%	7.6%	5.3%	4.5%	7.2%
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9
June, 1942	6.4	7.8	8.4	5.6	4.3	6.6
July, 1942	6.1	7.7	8.2	5.5	4.7	6.4
August, 1942	6.0	7.5	8.0	5.1	4.7	6.3
September, 1942	5.8	7.3	7.9	4.9	4.5	6.1
October, 1942	5.5	7.0	7.2	5.0	4.4	5.8

House Committee Urges Single Agency For Central Direction Of War Program

The creation of an Office of War Mobilization centralizing responsibility for policy-making decisions as to production, manpower, prices and machines, was called for in the report of the special House Committee on National Defense Migration made public Oct. 20.

A bill designed to carry out the group's recommendation was introduced in the House on Oct. 22 by Representative Tolan (Dem., Cal.), who headed the committee.

The realignment proposed would establish a new Office of Production and Supply, a reorganized Office of Economic Stabilization, and a new Office of Technical Mobilization, all to be operating agencies subordinate to the Office of War Mobilization. Among them, they would take over functions now performed by the War Production Board, the procurement divisions of the Army, the Navy, Maritime Commission and Lend-Lease Administration, the Office of Price Administration, the War Manpower Commission and the Selective Service Administration.

Regarding the House committee report, Associated Press advices said:

In advocating the establishment of this new "Office of War Mobilization," the report said:

"Despite numerous realignments, 10 months after Pearl Harbor, business-as-usual considerations still permeate the Washington wartime agencies."

It said that "our materials distribution system is breaking down," and blamed top war agencies generally for "the absence of a national production program."

Suggestions for immediate enactment of national service legislation were described by the committee as an attempt by the War Manpower Commission to seek by statute to "underwrite the authority it has failed to exercise."

Unless "prevailing administrative shortcomings" are corrected quickly, the committee warned, the entire war effort would be jeopardized.

The committee said it believed the American people "are ready for any test" provided they were assured that "their leadership has perpared the ground for the proposed advance," but at present were confused by "conflicting orders and demands emanating from Washington agencies."

To avoid this confusion in the future, it recommended a decentralization of war agencies to reflect the views and needs of the public.

"Many of the shortcomings of the war effort to date are tracable to the attempt to run the war from Washington," it commented.

Profit Margins Down In Industries Engaged In Armament Production, Conference Board Finds

Profit margins in the metal products, automotive and chemical industries, all heavily engaged in the production of armament, were sharply lower in 1941 than in the previous year, according to data released by the National Industrial Conference Board, New York, on Nov. 4. Such margins were also markedly lower in the paper and allied products, and the stone, clay and glass products industries, but were higher in the forest products, the petroleum and coal products industries, and the non-manufacturing corporations. It is pointed out that earnings figures employed are after taxes, including Federal income taxes. In its advices the Board says:

"Last year United States factories handled about $30,000,000,000 more in dollar volume and 30% more in physical volume than in 1940. Earnings on sales, after taxes, dropped to 5.4%, from 6.1% in 1940 and 5.6% in 1936. Preliminary data suggest that this drop resulted primarily from sharply lowered margins in the metal, automotive, and chemical industries, all of which are now closely related to the production of armaments. In contrast, margins continued to rise or remained relatively unaltered in industries which were previously below the average rate of return. Sales margins continued upward in non-manufacturing corporations in both 1940 and 1941, the largest gains last year occurring in mining and construction."

During the years 1936-1939, manufacturing corporations as a group averaged 4.6% on sales, after taxes, according to the Board's figures. Sales margins ranged from a low of 0.7% in apparel to 8.4% in tobacco and 9.4% in chemicals. The peak for these four years was reached in 1936, when manufacturing corporations averaged 6.6% on sales, before taxes, and 5.6%, after taxes. The Board further reports:

"In 1940, manufacturers earned 8.0%, before taxes, per dollar of sales, and 6.1%, after taxes. Improvement was most pronounced in the durable goods industries particularly in the metal and automotive fields, almost half of all net income from manufacturing having been reported by these two groups. Margins in chemicals, paper and pulp, and forest products were also higher than in any of the four preceding years. Roughly $1,250,000,000 was paid in Federal income taxes, or about twice as much as in 'peacetime' years.

"Peacetime earnings per dollar of sales are among the factors considered in the renegotiation of war contracts."

Building Activity In Nine Months $10.5 Billion

Total new construction in the continental United States amounted to $10,500,000,000 during the first nine months of 1942, compared to $8,000,000,000 for the corresponding period of 1941, Secretary of Labor Frances Perkins reports. "War construction brought the total for public construction up to $7,700,000,000 for the first nine months of this year, almost twice the volume for the first three quarters of 1941." she said. "Construction work at military and naval depots, stations, and airfields and the expansion of war plant facilities almost trebled the volume reported for these categories during the first nine months of 1941."

Miss Perkins further stated:

"Sharp curtailment of private construction arising from material shortages resulted in a decrease of 34% in the total volume of private construction. Private construction during the first nine months of 1942 reached only $2,800,000,000, a decline of $1,400,000,000 from the amount reported for the same period of 1941.

"Private non-residential construction, including privately financed war plants, aggregated only $455,000,000 or less than half as much as in the first three quarters of 1941. Non-farm residential construction showed a dollar value decrease of $910,000,000 when compared with the total of $2,150,000,000 estimated for the first nine months of 1941. In spite of expanding farm income during 1942, it is estimated that an 11% decrease occurred in expenditures for farm residential and service buildings.

"War housing financed by Federal funds amounted to $352,000,000, an increase of 11% over the volume reported for the first three quarters of last year. Highway construction experienced a 34% decline, while other Federal construction consisting mainly of conservation and development work fell off 7% from the total for the first nine months of 1941. Meeting the increasing demand of the war program, public utility construction rose from $577,000,00 for the first three quarters of 1941 to $604,000,000 for the corresponding period of this year."

September Munitions Output Increased 7%

Over-all munitions production in September increased 7% over August, Donald M. Nelson, Chairman of the War Production Board, revealed on Oct. 31 in his fourth monthly report on war production.

Mr. Nelson said that the rate of production is now on a scale "which approaches four times the rate at the time of Pearl Harbor." He added that the WPB munitions index (covering all fighting items) advanced 24 points from 357 in August to 381 in September. (The index is based on 100 for November, 1941, the month before Pearl Harbor.)

The features of the September production picture, Mr. Nelson said, were increases in these four categories: aircraft, 10%; ordnance, 7%; fighting ship construction, 22%, and merchant ship construction, 10%.

Mr. Nelson disclosed that in September the Treasury and Government corporations paid out $5,500,000,000 for war purposes, an increase of $300,000,000 over August.

According to the United Press, the following were features of the report:

Airplanes—Four-engined bombers rolled off the assembly lines nearly on schedule. Measured by total value, which takes into account the difference between large and small craft, plane volume in September was up 10%, compared with an increase of 7% in August over July. Plane production in the months ahead may exceed propeller output unless the latter is increased.

Ordnance — Production continued uneven. Tank output was up 3%, production of tank guns was ahead of schedule and output of anti-aircraft guns was good. Production of ammunition was spotty.

Navy and Army Vessels—Twelve major combat vessels were launched. Deliveries of major vessels were more numerous than forecast but deliveries of other types did not measure up to expectations.

Merchant Vessels — Ninety-two merchants vessels were placed in actual service—21 more than were commissioned in July. Deadweight tonnage was 1,009,000.

Machine Tools—Production totaled $120,118,000 in dollar value, a gain of 2.4%.

Moody's Daily Commodity Index

Monday, Nov. 2	232.3
Tuesday, Nov. 3	*
Wednesday, Nov. 4	233.3
Thursday, Nov. 5	233.7
Friday, Nov. 6	233.7
Saturday, Nov. 7	233.1
Monday, Nov. 9	232.7
Two weeks ago, Oct. 26	233.2
Month ago, Oct. 2	236.4
Year ago, Nov. 1	208.6
1941 High Sept. 9	219.9
Low, Feb. 17	171.6
1942 High, Oct. 3	236.4
Low, Jan. 2	220.0

*Holiday.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1942—Week Ended—					
July 4	94,257	100,337	223,809	59	91
July 11	92,481	77,996	236,536	52	90
July 18	103,559	114,917	226,341	71	90
July 25	112,513	120,982	219,700	74	89
Aug. 1	119,023	125,653	213,443	76	89
Aug. 8	114,969	121,035	208,769	75	88
Aug. 15	120,262	122,735	208,206	73	88
Aug. 22	124,763	119,299	213,890	74	87
Aug. 29	122,236	124,440	212,953	77	87
Sept. 5	129,486	124,580	218,539	78	87
Sept. 12	106,933	101,891	222,636	65	86
Sept. 19	138,477	132,212	228,355	81	86
Sept. 26	129,503	131,173	224,926	78	86
Oct. 3	144,506	133,513	236,208	80	86
Oct. 10	147,437	131,961	248,026	80	86
Oct. 17	152,644	134,197	261,871	79	85
Oct. 24	150,133	136,249	275,139	81	85
Oct. 31	138,423	138,262	272,006	84	85

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

October Department Store Sales

The Board of Governors of the Federal Reserve System announced on Nov. 5 that department store sales increased in October and the Board's seasonally adjusted index rose to 129% of the 1923-25 average as compared with 123 in September and 130 in August.

INDEX OF DEPARTMENT STORE SALES‡ (1923-25 AVERAGE=100)

	Oct., 1942	Sept., 1942	Aug., 1942	Oct., 1941
Adjusted for seasonal variation	129	†123	130	105
Without seasonal adjustment	138	†133	103	112

Change from corresponding period a year ago (per cent)

Federal Reserve District—	One week ending Oct. 31	Oct 24	Oct 17	Oct. 10	Four-weeks ending Oct. 31	Sept. 26	Aug. 29	Aug. 1	Year to Oct. 31
Boston	+11	+14	+ 9	+23	+14	+ 8	— 9	+ 4	+11
New York	+17	+11	+ 7	+19	+13	— 2	—10	— 1	+ 6
Philadelphia	+ 8	†+15	†+ 9	+36	+16	+ 9	0	+ 5	+13
Cleveland	+15	+16	+16	+24	+18	+ 8	—12	— 1	+10
Richmond	+ 3	†+14	+14	+37	+16	+14	+ 5	+12	+19
Atlanta	+ 9	+12	+13	+39	+17	+ 9	— 4	+ 4	+ 8
Chicago	+19	†+26	+20	+19	+21	+ 6	— 5	+ 3	+ 9
St. Louis	— 2	+11	+14	+25	+11	+ 5	0	+ 1	+10
Minneapolis	*	*	*	*	+ 7	+ 3	—15	— 2	+ 3
Kansas City	+30	†+50	+27	+40	+37	+21	+ 3	+ 8	+14
Dallas	+ 3	+33	+19	+36	+23	+13	— 8	+ 2	+ 7
San Francisco	+24	+14	+37	+34	+26	+19	— 2	+ 9	+15
U. S. total	+14	+18	†+17	+26	+18	+ 8	— 6	+ 3	+10

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1942—		1941—	
Oct. 3	173	Oct. 4	169
Oct. 10	159	Oct. 11	130
Oct. 17	152	Oct. 18	131
Oct. 24	153	Oct. 25	130
Oct. 31	157	Nov. 1	138

*Not shown separately but included in United States total. †Revised. ‡Monthly indexes refer to daily average sales in calendar month; October, 1942 figures estimated from weekly sales.

National Fertilizer Association Commodity Price Index At New Peak

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on Nov. 9, last week advanced to a new high level. This index in the week ended Nov. 7, 1942 stood at 130.4% of the 1935-1939 average as 100; it was 130.0 in the preceding week, 130.2 in month ago, and 116.5 a year ago. This index is now 9% higher than at the first of the year and is 12% above the corresponding week of 1941. The Associations report went on to say:

Led by a 3% rise in grains, prices of farm products were generally higher during the week, with 7 items included in the group advancing and only one declining. The farm products index, now at a new high level of 143.5, is 14% above the highest point reached in 1941. The textile index continued to advance, due to a rise in the price of raw cotton, upon which no specific ceiling has yet been placed. Food price changes were few, but upturns in potatoes, chickens, and cottonseed oil caused a slight advance in the group average. The only other group average to change during the week was the index of miscellaneous commodities, which was fractionally higher.

During the week prices of 12 commodities advanced and 2 declined; in the preceding week there were 12 advances and 8 declines; in the second preceding week there were 14 advances and 4 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939=100]

% Each Group Bears to the Total Index	Group	Latest Week Nov. 7, 1942	Preceding Week Oct. 31, 1942	Month Ago Oct. 3, 1942	Year Ago Nov. 8, 1941
25.3	Foods	133.0	132.9	132.6	113.5
	Fats and Oils	146.9	146.2	141.8	122.7
	Cottonseed Oil	158.4	156.1	153.9	143.6
23.0	Farm Products	143.5	142.2	143.0	116.4
	Cotton	185.1	180.2	178.2	153.8
	Grains	115.8	112.3	119.4	107.7
	Livestock	143.6	143.6	143.3	110.5
17.3	Fuels	119.3	119.3	119.3	112.3
10.8	Miscellaneous commodities	127.4	127.2	126.3	126.0
8.2	Textiles	148.7	148.0	147.4	138.6
7.1	Metals	104.4	104.4	104.4	104.0
6.1	Building materials	151.4	151.4	151.5	131.3
1.3	Chemicals and drugs	120.7	120.7	120.7	112.3
.3	Fertilizer materials	117.4	117.4	117.9	114.6
.3	Fertilizers	115.3	115.3	115.3	107.5
.3	Farm machinery	104.1	104.1	104.1	100.2
100.0	All groups combined	130.4	130.0	130.2	116.5

*Indexes on 1926-1928 base were: Nov. 7, 1942, 101.3; Nov. 8, 1941, 90.8.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Oct. 31, 1942, is estimated at 11,620,000 net tons, as compared with 11,410,000 tons in the preceding week and 10,871,000 tons in the corresponding week of 1941. The production of soft coal to date shows an increase of 14.5% over the same period last year.

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Oct. 31 was estimated at 1,110,000 tons, a decrease of 83,000 tons (7.0%) from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 47,000 tons, or 4.4%. The calendar year to date shows a gain of 5.0% when compared with the same period of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Oct. 31 showed an increase of 3,500 tons when compared with the output for the week ended Oct. 24. The quantity of coke from beehive ovens increased 1,400 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM (000 OMITTED)

	Week Ended Oct. 31, 1942	†Oct. 24, 1942	Nov. 1, 1941	January 1 to Date Oct. 31, 1942	Nov. 1, 1941	Oct. 30, 1937
Bituminous and lignite coal—						
Total, incl. mine fuel	11,620	11,410	10,871	480,037	419,137	371,415
Daily average	1,937	1,902	1,812	1,878	1,645	1,454
*Crude petroleum—						
Coal equivalent of weekly output	6,249	6,275	6,521	269,057	264,315	242,347

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook, Review of 1940, page 775). †Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended §Oct. 31, 1942	Oct. 24 1942	Nov. 1, 1941	Calendar Year to Date Oct. 31, 1942	Nov. 1, 1941	Nov. 2, 1929
Penn. anthracite—						
*Total, inc. colliery fuel	1,110,000	1,193,000	1,063,000	50,555,000	48,157,000	60,935,000
†Commercial production	1,066,000	1,145,000	1,010,000	48,073,000	45,749,000	56,548,000
Beehive coke—						
United States total	159,100	157,700	124,900	6,623,100	5,477,800	5,695,200
By-product coke—						
United States total	1,206,700	1,203,200	‡	51,527,900	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons)]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Oct. 24, 1942	Oct. 17, 1942	Oct. 25, 1941	Oct. 26, 1940	Oct. 23, 1937	Oct. avge. ¶1923
Alaska	5	5	6	4	3	**
Alabama	370	364	143	290	264	398
Arkansas and Oklahoma	99	92	100	52	112	88
Colorado	167	173	143	118	178	217
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,285	1,325	1,058	913	1,178	1,558
Indiana	525	492	483	336	351	520
Iowa	46	50	56	58	93	116
Kansas and Missouri	172	171	150	109	172	161
Kentucky—Eastern	935	950	980	752	857	764
Kentucky—Western	296	304	198	142	203	238
Maryland	30	32	37	29	34	35
Michigan	8	8	9	8	10	28
Montana (bituminous and lignite)	101	100	83	64	80	82
New Mexico	40	36	29	22	37	58
North and South Dakota (lignite)	90	75	58	59	85	**36
Ohio	702	695	673	406	542	817
Pennsylvania (bituminous)	2,615	2,560	2,850	2,547	2,235	3,149
Tennessee	145	150	146	113	109	118
Texas (bituminous and lignite)	8	8	9	9	20	26
Utah	120	102	97	66	90	121
Virginia	400	410	413	294	334	231
Washington	45	44	42	31	46	68
*West Virginia—Southern	2,151	2,190	2,370	1,832	1,931	1,488
†West Virginia—Northern	870	875	891	577	560	805
Wyoming	183	188	153	129	156	184
‡Other Western States	1	††	††	1	††	**4
Total bituminous and lignite	11,410	11,400	11,178	8,962	9,680	11,310
§Pennsylvania anthracite	1,193	1,140	1,269	1,295	1,184	1,968
Total all coal	12,603	12,540	12,447	10,257	10,864	13,278

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Steel Operations Unchanged—Directives Rule Mills—New Plan Held Aid To Steel Trade

"Although steel production and distribution are functioning more smoothly mills have so heavy a load of directives and allocations for steel for most essential purposes they have little tonnage remaining for other consumers," says the magazine "Steel" of Cleveland, in its summary of the iron and steel markets on Nov. 9. "Steel" further went on to say in part:

"Among the latter are many who hold contracts for war products, operating under Production Requirements Plan, but whose ratings not sufficient to to obtain steel delivery. Orders to steel mills for most part are in excess of shipments, though occasionally a producer finds it possible to make some inroads on backlogs.

"During adjustments of quotas and restrictions on production of certain materials occasional instances are said to have occurred of price shading in the effort to obtain high-rated tonnage which would command supply of semi-finished material. This is not an indication of softness in price.

"Mills are supplying hot-rolled carbon and alloy bars for essential purposes on rated orders at close to schedule but on new business are able to promise no better delivery than second quarter on some finishes. Most shortage is felt in large rounds and flats, as well as in cold-finished. Gradual progress is being made in substitutions and additional analyses of National Emergency steels are being made available.

"While some relief is felt by warehouses and their clients, full effect of the directive plan is not yet apparent and not much is expected until late in the year, especially in heavier rounds and flats and cold-finished products.

"Sheet mill quotas are well filled with high-rated orders, up to the limit of semifinished allocations, and current inquiries can command no better delivery than first quarter on hot-rolled material. Cold-rolled sheets are easier and some producers are soliciting business with high ratings. Armed services are taking large tonnages, a recent order for the Navy being divided among six mills.

"Announcement of the Controlled Materials Plan for vertical allotment of scarce materials, replacing the present priorities system and the Production Requirements Plan, promises better distribution and is attracting much interest. Plenty of time is allowed for its application, first use in transition being set for second quarter, with full use from July 1. The plan is expected to adjust requirements for critical materials to supply and make the quantity and type of needed materials available at the time needed to meet approved programs.

"Improvement in the current scrap supply has followed collection of recent weeks, and yards are making progress in preparing tonnage for melters. Sufficient is being furnished steelmakers to support their operations but character of the scrap and shortage of workers hamper rapid conversion of yard tonnage into material suitable for steel furnaces. The general collection is being followed by a further campaign to bring out dormant material in buildings, unused rails and obsolete machinery and equipment. This tonnage promises to be large and of better character than the household scrap. It will require time to dismantle and labor shortage is a factor in this, also. Some consumers are able to build up reserves from present receipts but others are not so fortunate and rely on allocations made some time ago.

"Hard driving of open-hearth furnaces is increasing wear and tear and repairs are taking toll of production.

"A season movement of more than 90,000,000 gross tons of iron ore on the Great Lakes seems assured, the total to Nov. 1 being 83,858,620 tons, which exceeds any full season in the past. The movement is 12,248,328 tons greater than last year to Nov. 1. October tonnage was 11,417,167 tons, an increase of 1,813,659 tons over the same month last year. A good start is being made on November tonnage, which last year was 7,660,987 tons."

The American Iron and Steel Institute on Nov. 9 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.6% of capacity for the week beginning Nov. 9, unchanged from the preceding week, and compares with 100.2% one month ago and 96.6% one year ago. The operating rate for the week beginning Nov. 9 is equivalent to 1,703,800 tons of steel ingots and castings, the same as for one week ago, and compares with 1,714,100 tons one month ago, and 1,596,000 tons one year ago.

Wholesale Commodity Prices Unchanged In October 31 Week, Labor Bureau Reports

The Bureau of Labor Statistics, U. S. Department of Labor, announced on Nov. 5 that except for advances in average prices for certain agricultural commodities, principally livestock, there were few changes in commodity markets during the last week of October. The Bureau's index of prices for nearly 900 series in primary markets remained unchanged at the level of the preceding week, 99.7% of the 1926 average.

The Bureau's announcement further said:

"Farm Products and Foods. Average prices for farm products rose 0.4% during the week to the highest point in over 14 years. Steers were up nearly 2%; sheep, about 1%; and hogs advanced slightly. Live poultry in the Chicago market dropped 1%. Price changes in the grain market were mixed. Oats and barley advanced while wheat, corn, and rye declined. Higher prices were also reported for hay and hops.

"Prices for foods in primary markets were down slightly in the last week of October with the cancellation of October opening prices for evaporated and condensed milk, which were dropped back to the prevailing market level, together with lower quotations for dressed poultry in the New York market and for potatoes. Higher prices were reported for mutton; for flour, rice, and cornmeal; for onions and oranges; and for cottonseed oil.

"Cattle feed advanced nearly 3% during the week.

"Industrial Commodities. Industrial commodity markets continued comparatively steady. Most of these commodities have been under stationary price ceilings for more than a year. Raw jute advanced over 5% and fractionally higher prices were reported for maple flooring, oak and spruce lumber, which have been under ceiling prices; as well as for turpentine. Prices for shellac declined."

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for Oct. 3, 1942 and Nov. 1, 1941 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Oct. 31, 1942 from—		
Commodity groups	10-31 1942	10-24 1942	10-17 1942	10-3 1942	11-1 1941	10-24 1942	10-3 1942	11-1 1941
All commodities	*99.7	*99.7	*99.6	*99.7	91.6	0	0	+ 8.8
Farm products	109.1	108.7	107.9	108.7	89.5	+0.4	+0.4	+21.9
Foods	103.0	103.1	103.1	103.0	88.2	—0.1	0	+16.8
Hides and leather products	118.4	118.4	118.4	118.4	114.1	0	0	+ 3.8
Textile products	96.6	96.5	96.5	96.6	90.3	+0.1	0	+ 7.0
Fuel and lighting materials	79.6	79.6	79.7	79.7	79.9	0	—0.1	— 0.4
Metals and metal products	*103.9	*103.9	*103.9	*103.9	102.2	0	0	+ 1.7
Building materials	110.2	110.2	110.2	110.5	107.3	0	—0.3	+ 2.7
Chemicals and allied products	96.1	96.1	96.1	96.2	89.8	0	—0.1	+ 7.0
Housefurnishing goods	104.1	104.1	104.1	104.1	100.0	0	0	+ 4.1
Miscellaneous commodities	88.5	88.3	88.4	88.4	85.5	+0.2	+0.1	+ 3.5
Raw materials	102.7	102.5	102.0	102.4	89.1	+0.2	+0.3	+15.3
Semimanufactured articles	92.5	92.5	92.5	92.8	89.7	0	—0.3	+ 3.1
Manufactured products	*99.5	*99.6	*99.7	*99.6	93.4	—0.1	—0.1	+ 6.5
All commodities other than farm products	*97.7	*97.7	*97.8	*97.8	92.1	0	—0.1	+ 6.1
All commodities other than farm products and foods	*95.7	*95.6	*95.6	*95.7	93.1	+0.1	0	+ 2.8

*Preliminary.

October Engineering Construction Gains 70% Federal Work Triples Year Ago

Heavy engineering construction volume totals $691,979,000 for October and averages $138,396,000 for each of the five weeks of the month as reported by "Engineering News-Record" on Nov. 5. The October average is 70% higher than that reported for the corresponding five weeks of October 1941, but is 22% lower than the average for the four weeks of September 1942. The report added:

On the weekly average basis, public work more than doubled its last year's mark, but is 22% below last month. Federal construction tops a year ago by 208%, while declining 24% from a month ago. State and municipal volume decreases 67% from October 1941, but is 6% higher than in September 1942.

Private construction is 61 and 22% lower, respectively, than in the corresponding month last year and in the preceding month.

Construction volumes for the 1941 month, last month, and October 1942 are:

	Oct., 1941 (five weeks)	Sept., 1942 (four weeks)	Oct., 1942 (five weeks)
Total Construction	$406,332,000	$712,709,000	$691,979,000
Private Construction	94,760,000	38,223,000	37,041,000
Public Construction	311,572,000	674,486,000	654,938,000
State and Municipal	111,214,000	28,106,000	37,234,000
Federal	200,358,000	646,380,000	617,704,000

The October volume brings 1942 construction to $8,324,585,000, an increase of 59% over the $5,250,210,000 reported for the ten-month period in 1941. Private work, $511,781,000, is 52% under the period last year, but public construction, $7,812,804,000, is 87% higher as a result of the 136% climb in Federal construction.

October averages in the various classes of construction compared with those for the month last year show gains in streets and roads of 23%; public buildings, 130%; waterworks, 112%; sewerage, 102%, and unclassified construction, 155%. Losses are reported in industrial buildings, 81%; commercial building and large-scale private housing, 28%; bridges, 59%, and earthwork and drainage, 45%.

Comparison of the current averages with those for September 1942 reveals increases in industrial buildings, 43%; and sewerage, 1%. Decreases are in streets and roads, 31%; public buildings, 29%; commercial building and large-scale private housing, 1%; bridges, 9%; waterworks, 32%; earthwork and drainage, 13%; and unclassified construction, 10%.

New Capital

New capital for construction purposes for October totals $25,297,000, a decline of 89% from the $228,329,000 reported for the corresponding month last year. Private investment accounts for $24,297,000, or 96% of the month's new financing, and is 52% lower than a year ago.

New construction financing for the year to date, $9,555,998,000, is 57% above the ten-month period in 1941. Private investment is 47% lower than last year, but the huge volume of Federal funds, $8,966,898,000, is up 86% and is responsible for increased construction financing total.

Electric Output For Week Ended Oct. 31, 1942 Shows 11.7% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Oct. 31, 1942, was 3,774,891,000 kwh., which compares with 3,380,488,000 kwh. in the corresponding week last year, an increase of 11.7%. The output for the week ended Oct. 24, 1942, was 12.3% in excess of the similar period in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Oct. 31	Oct.24	Oct. 17	Oct. 10
New England	0.8	4.1	5.5	1.0
Middle Atlantic	4.5	5.6	6.2	2.1
Central Industrial	6.8	7.9	8.2	6.2
West Central	8.9	10.6	10.9	10.8
Southern States	19.9	17.6	17.6	15.6
Rocky Mountain	8.8	13.1	8.9	8.4
Pacific Coast	31.2	30.7	28.1	30.8
Total United States	11.7	12.3	12.2	10.3

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Aug 1	3,649,146	3,263,082	+11.8	2,762,240	1,426,986	1,724,728
Aug 8	3,637,070	3,233,242	+12.5	2.743,284	1,415,122	1,729,667
Aug 15	3,654,795	3,238,160	+12.9	2,745,697	1,431,910	1,733,110
Aug 22	3,673,717	3,230,750	+13.7	2,714,193	1,436,440	1,750,056
Aug 29	3,639,961	3,261,149	+11.6	2,736,224	1,464,700	1,761,594
Sep 5	3,672,921	3,132,954	+12.4	2.591,957	1,423,977	1,674,588
Sep 12	3,583,408	3,222,346		2,773,177	1,476,442	1,806,259
Sep 19	3,756,922	3,273,375	+14.8	2,769,346	1,490,863	1,792,131
Sep 26	3,720,254	3,273,376	+13.7	2,816,358	1,499,459	1,777,854
Oct 3	3,682,794	3,330,582	+10.6	2,792,067	1,506,219	1,819,276
Oct 10	3,702,299	3,355,440	+10.3	2,817,465	1,507,503	1,806,403
Oct 17	3,717,360	3,313,596	+12.2	2,837,730	1,528,145	1,798,633
Oct 24	3,752,571	3,340,768	+12.3	2,866,827	1,533,028	1,824,160
Oct 31	3,774,891	3,380,488	+11.7	2,882,137	1,525,410	1,815,749
Nov 7		3,368,690		2,858,054	1,520,730	1,798,164
Nov 14		3,347,893		2,889,937	1,531,584	1,793,584
Nov 21		3,247,938		2,839,421	1,475,268	1,818,169
Nov 28		3,339,364		2,931,877	1,510,337	1,718,002

Consumer Instalment Loans Of Com'l Banks

The Board of Governors of the Federal Reserve System announced on Oct. 29 that the consumer instalment loans outstanding, representing purchased contracts and direct loans at all commercial banks, decreased by 6% in September to an estimated total of $999,000,000 at the end of the month. The decline since December, 1941, was 37%, reflecting the fact that for every dollar of new consumer borrowing, more than a dollar and a half is being repaid. Automotive loans have shown the largest relative decline and personal instalment cash loans the smallest. The following statistics are made available by the Reserve Bank:

Consumer Instalment Loans of Commercial Banks, September, 1942

(Estimates in Millions of Dollars)

	Amount Outstanding		Volume of Loans Made	
Type of Loan—	Sep. 30, '42	% Change from Aug. 31, '42	Sep., 1942	% Change from Aug., 1942
Automotive retail				
Purchased paper	189	—10	14.1	—39.4
Direct loans	174	— 5	12.8	— 6.4
Other retail				
Purchased and direct	163	— 9	11.6	+ 8.5
Repair and modernization	189	— 1	8.4	— 4.7
Personal instalment cash	284	— 5	35.0	— 4.4
Total	999	— 6	81.9	—12.0
Boston	54	— 7	5.0	+ 7.4
New York	215	— 6	15.6	+ 3.9
Philadelphia	50	— 7	3.0	— 4.9
Cleveland	63	— 5	5.6	—11.1
Richmond	47	—10	3.9	— 3.1
Atlanta	53	—12	3.9	+ 1.0
Chicago	136	— 6	14.5	— 0.7
St. Louis	37	— 5	2.9	— 6.4
Minneapolis	53	— 5	3.5	— 3.4
Kansas City	42	— 9	2.7	—11.2
Dallas	39	— 7	3.8	— 7.5
San Francisco	210	— 3	17.5	—36.6

NOTE—This is the first monthly release to the public on consumer instalment loans of commercial banks. For a description of the sources and methods underlying the estimates in this report see the October Federal Reserve "Bulletin," page 992-994.

More 'New Money' Raised By Treasury In Oct. Than By Any Govt. In Comparable Period

Secretary of the Treasury Morgenthau announced on Nov. 2 that the Treasury had raised more money in October than had ever been raised by any Government in any comparable period of time. Mr. Morgenthau made known that sales of Tax Savings Notes in October were $921,352,000, bringing the total sold since the start of the present fiscal year on July 1 to $2,656,700,000. Sales of War Savings Bonds in October amounted to $814,353,000, bringing the total sold since July 1 to $3,287,798,000. He added that together with borrowings earlier in the month of $4,100,000,000 in 2% bonds and 1½% notes, $500,000,000 in Treasury bills and $500,000,000 in Certificates of Indebtedness, the October financing operations raised a total of $6,836,000,000, which Secretary Morgenthau said constituted a sum unmatched in the financial history of the country. "I feel that this result could not have been achieved without the volunteer help we have had from the Victory Fund Committees, the War Savings Staff and their hundreds of thousands of willing helpers in all parts of the country," said Secretary Morgenthau, who issued the month's figures to his press conference on Nov. 2. Mr. Morgenthau went on to say:

"I am especially glad that the sales of Tax Savings Notes are going so well. Only a few months ago we were selling less than $5,000,000 of the Series A notes; today the Series A sales have jumped to $54,000,000 in October. I think that this reflects a growing consciousness on the part of the American people of their heavy tax payments next year, and a growing determination to start making arrangements to pay these taxes out of current income.

"As for War Savings Bonds, October was the second successive month that the quota has been exceeded. To me, the most encouraging aspect of the October sales is to steady growth in sales of Series E bonds to heights we hardly dared to hope for a year ago. This, of course, is in large part the result of the Payroll Savings Plan, under which more than 20,000,000 workers are now setting aside more than 8% of their earnings every pay day.

"The sales of Tax Notes, War Bonds and other Government securities bought outside the banking system make me feel that the American people are wide awake to the needs of their Government, and are ready to dig deep into their earnings to help finance the winning of the war.

"We at the Treasury have a stupendous job to find the money for this costliest of all wars, but the response of the people themselves is making that job easier than it otherwise would be."

The following table shows the sales of Tax Savings Notes in October in the 12 Federal Reserve Districts and at the Treasury itself:

	Series A	Series C	Total
Boston	$3,816,675	$35,008,000	$38,824,675
New York	11,244,875	280,319,500	291,564,375
Philadelphia	2,644,175	58,344,500	61,008,675
Cleveland	6,161,500	115,292,200	121,453,700
Richmond	4,240,850	39,365,000	43,605,850
Atlanta	2,125,075	16,818,000	18,943,075
Chicago	10,940,350	220,292,400	231,232,750
St. Louis	1,939,725	26,637,500	28,577,225
Minneapolis	1,379,375	9,198,000	10,577,375
Kansas City	2,343,625	14,794,000	17,137,625
Dallas	2,310,050	10,621,900	12,931,950
San Francisco	5,403,825	39,911,200	45,315,025
Treasury	55,000	125,000	180,000
Total	$54,625,000	$866,727,200	$921,352,300

Coolidge's Letters Given To Nation

A number of letters of the late President Calvin Coolidge, which had been scheduled for auction, were given to the Library of Congress on Oct. 29, to be sealed for 20 years. The letters were from the files of the late Edward T. Clark, Mr. Coolidge's private Secretary. In the New York "Times" of Oct. 30 it was stated:

"The letters are the gift of Charles Kohen, owner of the Hobby Shop, Washington, D. C. He acquired them from a person to whom they had been given by the widow of Mr. Clark. Mr. Kohen had sent the large file of correspondence for sale to the Parke-Bernet Galleries, 30 East 57th St., which had issued an auction catalogue indicating the confidential nature of much of the material.

"The letters date from 1923 to 1933, include a number by President Coolidge and other prominent persons, and deal with government and political affairs. When the attention of the auction galleries and Mr. Kohen was called to the possible ill effects of the sale of this confidential material at this time, the letters were withdrawn from sale and the owner determined to give them to the nation.

"Until yesterday morning the letters remained in the keeping of the Parke-Bernet Galleries. Then Mr. Kohen and Arthur Swann, head of the rare book and manuscript department of the auction house, took them in four cartons to the packing rooms of the Day & Meyer, Murray & Young Corporation, 1166 Second Avenue. There, under the supervision of Mr. Kohen and Mr. Swann, the cartons were sealed and enclosed in a strong wooden box. This was lined with waterproof paper, Mr. Kohen enclosed an autograph note confirming the gift, and the case was sealed."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Nov. 6 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Oct. 24, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Oct. 24 (in round-lot transactions) totaled 1,189,153 shares, which amount was 16.72% of total transactions on the Exchange of 3,555,000 shares. This compares with member trading during the previous week ended Oct. 17 of 973,145 shares, or 15.94% of total trading of 3,051,970 shares. On the New York Curb Exchange, member trading during the week ended Oct. 24 amounted to 202,250 shares, or 17.46% of the total volume of that Exchange of 579,270 shares; during the preceding week trading for the account of Curb members of 158,495 shares was 16.36% of total trading of 484,275 shares.

The Commission made available the following data for the week ended Oct. 24:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	962	663
1. Reports showing transactions as specialists	174	90
2. Reports showing other transactions initiated on the floor	179	28
3. Reports showing other transactions initiated off the floor	202	80
4. Reports showing no transactions	509	533

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 24, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	73,460	
‡Other sales	3,481,540	
Total sales	3,555,000	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	303,070	
Short sales	43,470	
‡Other sales	255,400	
Total sales	298,870	8.47
2. Other transactions initiated on the floor—		
Total purchases	214,330	
Short sales	7,700	
‡Other sales	175,710	
Total sales	183,410	5.59
3. Other transactions initiated off the floor—		
Total purchases	92,210	
Short sales	8,750	
‡Other sales	88.513	
Total sales	97,263	2.66
4. Total—		
Total purchases	609,610	
Short sales	59,920	
‡Other sales	519,623	
Total sales	579,543	16.72

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED OCT. 24, 1942

	Total for Week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	7,565	
‡Other sales	571,705	
Total sales	579,270	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	49,650	
Short sales	5,570	
‡Other sales	58,450	
Total sales	64,020	9.81
2. Other transactions initiated on the floor—		
Total purchases	15,015	
Short sales	200	
‡Other sales	13,185	
Total sales	13,385	2.45
3. Other transactions initiated off the floor—		
Total purchases	31,955	
Short sales	1,125	
‡Other sales	27,100	
Total sales	28,225	5.20
4. Total—		
Total purchases	96,620	
Short sales	6,895	
‡Other sales	98,735	
Total sales	105,630	17.46
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	30,825	
Total purchases	30,825	
Total sales	18,278	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Market Value Of Stocks On New York Stock Exchange Higher On Oct. 31

The New York Stock Exchange announced on Nov. 6 that as of the close of business Oct. 31, there were 1,243 stock issues aggregating 1,470,960,448 shares listed on the New York Stock Exchange, with a total market value of $37,727,599,526. This compares with 1,243 stock issues, aggregating 1,471,467,074 shares, with a total market value of $35,604,809,453 on Sept. 30 and with 1,236 stock issues, aggregating 1,465,181,804, with a total market value of $39,057,023,174, on Oct. 31, 1941.

In issuing the figures for Oct. 31, the Exchange said:

"As of the close of business Oct. 31, New York Stock Exchange, member total net borrowings amounted to $357,343,929. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.95%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value."

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

	Oct. 31, 1942		Sept. 30, 1942	
Group	Market Value $	Average Price $	Market Value $	Average Price $
Amusement	317,184,964	15.05	290,876,737	13.80
Automobile	3,082,741,525	25.73	2,920,821,327	24.38
Aviation	601,827,771	17.41	558,388,966	16.15
Building	427,683,292	19.62	408,648,808	18.75
Business & office equipment	293,457,383	24.98	276,830,323	23.57
Chemical	5,258,305,871	55.20	5,000,642,902	52.49
Electrical equipment	1,270,912,926	31.65	1,192,117,420	29.69
Farm machinery	587,149,685	44.81	562,648,593	42.94
Financial	730,832,882	14.40	688,058,636	13.55
Food	2,352,756,167	25.19	2,287,234,584	24.49
Garment	36,369,310	21.73	36,922,782	22.05
Land & realty	16,305,768	3.36	15,583,870	3.21
Leather	182,860,466	21.75	180,172,475	21.43
Machinery & metals	1,302,771,130	19.03	1,224,163,450	17.87
Mining (excluding iron)	1,333,882,119	22.57	1,268,601,462	21.47
Paper & publishing	349,468,297	15.73	331,910,013	14.94
Petroleum	4,209,129,575	21.93	3,849,110,253	20.06
Railroad	3,000,614,313	26.34	2,837,057,396	24.91
Retail merchandising	1,824,225,032	25.03	1,821,447,050	24.82
Rubber	377,515,713	35.69	360,134,663	34.00
Ship building & operating	101,937,172	21.39	92,545,982	19.42
Shipping services	12,351,777	6.67	11,994,309	6.48
Steel, iron & coke	1,986,388,036	39.66	1,875,568,835	37.45
Textiles	355,621,039	25.27	332,504,372	23.71
Tobacco	1,014,013,227	37.86	975,195,461	36.41
Utilities:				
Gas & electric (operating)	1,639,527,912	17.72	1,503,388,175	16.25
Gas & electric (holding)	715,011,719	7.46	622,227,989	6.49
Communications	2,847,519,295	68.10	2,695,813,940	64.47
Miscellaneous	78,526,921	10.71	72,697,448	9.91
U. S. companies oper. abroad	526,403,555	15.54	480,227,188	14.18
Foreign companies	786,137,548	19.42	727,645,302	17.97
Miscellaneous businesses	108,167,136	18.43	103,628,742	17.65
All Listed Stocks	37,727,599,526	25.65	35,604,809,453	24.20

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
July 31	39,991,865,997	27.51	Sept. 30	40,984,419,434	28.02
Aug. 31	40,706,241,811	28.00	Oct. 31	39,057,023,174	26.66
Sept. 30	41,491,698,705	28.56	Nov. 29	37,882,316,239	25.87
Oct. 31	42,673,890,518	29.38	Dec. 31	35,785,946,533	24.46
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
1941—			Feb. 28	35,234,173,432	24.02
Jan. 31	40,279,504,457	27.68	Mar. 31	32,844,183,750	22.36
Feb. 28	39,398,228,749	27.08	Apr. 30	31,449,206,904	21.41
Mar. 31	39,696,269,155	27.24	May 29	32.913.725.225	22.40
Apr. 30	37,710,958,708	25.78	June 30	33,419,047,743	22.73
May 31	37,815,306,034	25.84	July 31	34,443,805,860	23.42
June 30	39,607,836,569	27.07	Aug. 31	34,871,607,323	23.70
July 31	41,654,256,215	28.46	Sept. 30	35,604,809,453	24.20
Aug. 30	41,472,032,904	28.32	Oct. 31	37,727,599,526	25.65

Engineering Construction Volume Triples 1941-Week Total

Engineering construction volume for the short week due to the Election Day holiday totals $137,412,000, more than triple the volume for the corresponding 1941 week and above the $103,282,000 reported for the preceding week by "Engineering News-Record" on Nov. 5. Federal construction accounts for 91% of the current week's total and is 428% higher than a year ago. The increased Federal volume boosts public construction 292% above last year. Private work, however, is 25% below the 1941 week.

The week's volume brings 1942 engineering construction to $8,461,997,000, an increase of 60% over the $5,294,419,000 reported for the 45-week period a year ago. Private work, $520,285,000, is 52% lower than in the 1941 period, but public construction, $7,941,712,000, is 88% higher as a result of the 138% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	Nov. 6, 1941 (four days)	Oct. 29, 1942 (five days)	Nov. 5, 1942 (four days)
Total Construction	$44,209,000	$103,282,000	$137,412,000
Private Construction	11,275,000	7,487,000	8,504,000
Public Construction	32,934,000	95,795,000	128,908,000
State and Municipal	9,276,000	6,045,000	3,868,000
Federal	23,658,000	89,750,000	125,040,000

In the classified construction groups, gains over last week are in commercial building and large-scale private housing, and public buildings. Gains over the holiday-shortened 1941 week are in waterworks, public buildings, and unclassified construction. Subtotals for the week in each class of construction are: waterworks, $1,458,000; sewerage, $1,042,000; bridges, $204,000; industrial buildings, $2,290,000; commercial building and large-scale private housing, $5,882,000; public buildings, $108,935,000; earthwork and drainage, $649,000; streets and roads, $3,809,000; and unclassified construction, $13,143,000.

New capital for construction purposes for the week totals $1,262,000. This new financing, entirely State and municipal bond sales, compares with $129,704,000 reported for the 1941 week.

New construction financing for the year to date, $9,557,260,000, is 54% higher than the $6,218,910,000 for the 45-week period in 1941.

Conditions For Individual Wage Adjustments Given

Individual wage adjustments can be made without approval of the National War Labor Board if they fall within certain prescribed limitations set forth in a general order unanimously adopted by the Board on Oct. 14.

These adjustments must be "incident to the application of the terms of an established wage agreement or to established wage rate schedules covering the work assignments of employees" and must be made as a result of:

"a. Individual promotions or reclassifications.

"b. Individual merit increases within established rate ranges.

"c. Operation of an established plan of wage increases based upon length of service.

"d. Increased productivity under piece-work or incentive plans.

"e. Operation of an apprentice or trainee system."

According to the announcement this general order which is the fifth issued to date, states that the Board "further finds that adjustments of wages made under this order should not result in any substantial increase of the level of costs and shall not furnish a basis either to increase price ceilings of the commodity or service involved or to resist otherwise justifiable reductions in such price ceilings."

It is also announced:

"The Board took this action under the authority vested in it under Title III, Section 2 of the Executive Order of Oct. 3, which gives the Board power to 'issue such rules and regulations as may be necessary for the speedy determination of the propriety of any wage increases or decreases in accordance with this order.'"

Greek Resistance Lauded

On the occasion of the second anniversary of Greece's resistance to the Axis, President Roosevelt said on Oct. 28 that Greece has set the example that "every one of us must follow until the despoilers of freedom everywhere have been brought to their just doom."

The President made this statement in a letter to Cimon P. Diamantopoulos, the Greek Ambassador.

The message, read by Sumner Welles, Under-Seecretary of State, who was the chief speaker at a dinner in Washington commemorating the anniversary, follows:

The White House,
Washington, Oct. 28, 1942.

My Dear Mr. Ambassador:

On the early morning of Oct. 28, 1942, the Fascist aggressors handed an ultimatum to Greece. The challenge was hurled back without a moment's hesitation. This was what might have been expected from a gallant and courageous people devoted to their homeland. You commemorate tonight the second anniversary of the beginning of the total resistance of the Greek people to totalitarian warfare.

More significant, even, than the initial reply to the challenge is the fact that Greece has continued to fight, with every means at its command. When the Greek mainland was overrun, the resistance was carried on from the islands. When the islands fell, resistance continued from Africa, from the seas, from anywhere the aggressor could be met.

To those who prefer to compromise, to follow a course of expediency, or to appease, or to count the cost, I say that Greece has set the example which every one of us must follow until the despoilers of freedom everywhere have been brought to their just doom.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

His Excellency,
Cimon P. Diamantopoulos, Ambassador of Greece,
Washington, D. C.

Daily Average Crude Oil Production For Week Ended Oct. 31, 1942 Declined 16,200 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Oct. 31, 1942 was 3,901,150 barrels, a decrease of 16,200 barrels when compared with the preceding week, and 170,050 barrels per day less than in the corresponding period a year ago. The current figure also was 165,050 barrels below the daily average figure for the month of October, 1942, as recommended by the Office of Petroleum Coordinator. Daily production for the four weeks ended Oct. 31, 1942 averaged 3,894,400 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 85.6% of the 4,800,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,731,000 barrels of crude oil daily during the week ended Oct. 31, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipelines as of the end of that week, 79,159,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 11,153,000 barrels during the week ended Oct. 31, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations October	*State Allowables Beginning Oct. 1	—Actual Production— Week Ended Oct. 31 1942	Change From Previous Week	4 Weeks Ended Oct. 31 1942	Week Ended Nov. 1 1941
Oklahoma	417,000	417,000	†368,050	+ 3,600	365,800	436,400
Kansas	294,000	294,000	†297,700	— 6,200	295,200	237,350
Nebraska	3,500	------	†3,500	+ 50	3,400	6,450
Panhandle Texas			98,500	+ 13,100	88,600	80,100
North Texas			140,000	------	140,000	136,950
West Texas			214,000	+ 4,000	209,750	285,600
East Central Texas			90,200	— 6,800	92,150	85,850
East Texas			362,000	------	362,000	369,700
Southwest Texas			167,700	+ 1,300	165,300	220,000
Coastal Texas			321,000	+ 2,000	313,750	291,750
Total Texas	1,407,600	‡1,455,261	1,393,400	+ 13,600	1,371,550	1,469,950
North Louisiana			98,150	+ 300	97,800	80,750
Coastal Louisiana			231,000	+ 1,000	229,500	261,400
Total Louisiana	337,200	349,200	329,150	+ 1,300	327,300	342,150
Arkansas	79,500	73,461	73,350	— 450	73,450	72,400
Mississippi	50,000		†69,200	— 450	69,900	63,300
Illinois	280,000		263,600	— 2,200	264,950	419,800
Indiana	19,000		†15,900	— 1,100	16,850	18,000
Eastern (not incl. Ill. and Indiana)	107,400		97,950	+ 2,250	95,950	99,450
Michigan	65,700		60,200	— 1,900	62,500	57,950
Wyoming	90,800		89,750	— 1,450	90,450	79,700
Montana	24,400		21,850	— 50	21,800	20,000
Colorado	7,000		7,000	------	6,950	5,750
New Mexico	101,100	101,100	99,500	------	99,100	116,450
Total East of Calif.	3,284,200		3,190,050	+ 7,000	3,165,150	3,445,100
California	782,000	§782,000	711,100	— 23,200	729,250	626,100
Total United States	4,066,200		3,901,150	— 16,200	3,894,400	4,071,200

*O.P.C. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in July, 1942, as follows: Oklahoma, 28,300; Kansas, 4,300; Texas, 98,900; Louisiana, 19,000; Arkansas, 2,900; Illinois, 8,900; Eastern (not including Illinois and Indiana), 7,800; Michigan, 200; Wyoming, 2,200; Montana, 200; New Mexico, 5,800; California, 41,000.

†Oklahoma, Kansas, Nebraska, Mississippi, Indiana figures are for week ended 7 a.m. Oct. 28.

‡This is the net basic allowable as of Oct. 1, calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 4 to 16 days, the entire state was ordered shut down for 9 days, namely, Oct. 3, 4, 10, 11, 17, 18, 24, 25 and 31.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDING OCT. 31, 1942

(Figures in Thousands of barrels of 42 Gallons Each)

					Figures in this section include reported totals plus an estimate of unreported amounts and are ——therefore on a Bureau of Mines basis——			
	Daily Refining Capacity		Crude Runs to Stills		Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
District—	Potential Rate	% Reporting	Daily Average	% Operated				
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,440	88.2	1,631	66.8	4,786	37,797	25,953	19,739
Appalachian	176	84.8	159	90.3	510	2,685	777	470
Ind., Ill., Ky.	804	84.9	764	95.0	2,524	13,752	6,325	2,940
Okla., Kansas, Mo.	416	80.1	347	83.4	1,137	6,235	1,904	1,373
Rocky Mountain	147	48.0	103	70.1	344	1,643	424	570
California	817	89.0	727	89.0	1,852	17,047	12,947	54,468
Tot. U. S. B. of M. basis, Oct. 31, 1942	4,800	35.9	3,731	77.7	11,153	†79,159	48,330	79,560
Tot. U. S. B. of M. basis, Oct. 24, 1942	4,800	85.6	3,776	78.7	11,486	79,545	47,567	79,073
U. S. Bur. of Mines basis Nov. 1, 1941			4,087		13,674	82,303	55,551	95,565

*At the request of the Office of Petroleum Coordinator. †Finished 70,070,000 bbls.; unfinished 9,089,000 bbls. ‡At refiners, at bulk terminals, in transit and in pipe lines.

Automobile Financing And Diversified Financing For Month Of September

The number of new passenger cars financed by sales finance companies decreased 20% in September 1942, compared with August of this year, according to an announcement released on Oct. 30 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in new passenger car financing, however, decreased only 18%. In used passenger car financing, the number of cars decreased 22%, the dollar volume of paper acquired, 21%. In new commercial car financing, month ago comparisons show that the number of cars decreased 46% and the dollar volume of paper acquired, 52%, while the number and the dollar volume of used commercial car financing decreased 18% and 14%, respectively.

As of Sept. 30, 1942 the volume of retail automotive outstandings held by sales finance companies was 12% less than as of Aug. 31, 1942. The index has now dropped to 59, showing that these outstanding balances have been reduced to approximately one-third of the volume held by sales finance companies on Aug. 31, 1941, when the index had reached 178, an all-time high.

The volume of wholesale automotive paper acquired by sales finance companies during September 1942, when compared with August, 1942, showed that the wholesale financing of used passenger and used commercial cars decreased slightly but that the wholesale financing of new passenger and new commercial cars remained at approximately the same level as during August 1942. The volume of outstanding balances for this type of paper, however, decreased 10% from Aug. 31, 1942 to Sept. 30, 1942.

A comparison of the retail diversified financing by sales finance companies during September 1942, with their respective volumes recorded in August of this year, showed furniture financing at approximately the same level, but decreases were registered in the volume of financing for residential building repair and modernization (2%), other household appliances (4%), radios and other musical instruments (10%), and refrigerators (14%). In wholesale diversified financing the volume of paper acquired by sales finance companies was 15% less in September than in August of this year.

As of Sept. 30, 1942, compared with Aug. 31, 1942, the volume of diversified outstanding balances held by sales finance companies decreased 7% for the retail financing of other consumers' goods, 8% for industrial, commercial, and farm equipment, and 12% for wholesale diversified financing (other than automotive).

The ratios of the paper acquired during September 1942 to the outstanding balances as of Sept. 30, 1942 were 4% for retail automotive, 4% for wholesale automotive, 12% for wholesale—other than automotive, 3% for retail—other consumers' goods, and 2% for industrial, commercial, and farm equipment.

These data on the current trends of sales financing during September 1942 were based on reports from 264 sales finance companies. Neither the dollar volumes nor the indexes should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The figures presented in tables below are not comparable to those published for previous months since monthly reports have not been received each month from identical sales finance companies. All indexes for September were obtained by calculating the percent changes from August to September, as shown by data on reports for both months from the same sales finance companies, and by linking these percentages to the indexes previously derived for August 1942.

Sales—Finance Companies

AUTOMOTIVE AND DIVERSIFIED FINANCING

August 31, 1942

Volume of Paper Acquired During September, 1942, and Balances Outstanding September 30, 1942

Class of Paper—	Dollar volume of paper acquired during September, 1942 By all companies	By all companies reporting outstanding balances†	Outstanding balances Sep. 30, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$21,121,581	$20,591,102	$487,055,343	4
Total wholesale automotive	9,368,075	9,288,418	220,340,215	4
Total wholesale—other than automotive	481,322	444,122	3,677,553	12
Total retail—other consum. goods	6,296,613	6,022,721	187,200,239	3
Industrial, commercial and farm equipment	344,279	315,313	14,890,550	2
Total sales financings	$37,611,870	$36,661,676	$913,163,900	4

†Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

‡Ratios obtained by dividing paper acquired (column 2) by outstanding balances (column 3).

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired During September, 1942

Class of Paper—	Number of cars Number	% of total	Paper acquired Dollar Volume	% of total
Total retail automotive	47,924	100	$20,329,802†	100
New passenger cars	4,593	9	3,782,638	19
New commercial cars	238	1	270,751	1
Used passenger cars	41,291	86	15,436,480	76
Used commercial cars	1,802	4	839,933	4
Total wholesale automotive	----	--	$8,313,390†	100
New cars (passenger and commercial)	----	--	5,565,494	67
Used cars (passenger and commercial)	----	--	2,747,896	33

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in above table due to the exclusion of some data for which breakdowns were not available.

DIVERSIFIED FINANCING *

Volume of Paper Acquired During September, 1942

Class of Paper	Dollar Volume	% of total
Retail—other consumers' goods:		
Furniture	$205,053	5
Radios, pianos & other musical instruments	65,989	2
Refrigerators (gas and electric)	161,734	4
Other household appliances	131,698	3
Residential building repair and modernization	2,135,702	50
Miscellaneous retail	705,774	17
Total retail—other consumers' goods	$3,405,950†	81
Total wholesale—other than automotive	481,322	11
Industrial, commercial, and farm equipment	344,279	8
Total diversified financing	$4,231,551	100

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in first table due to the exclusion of some data for which breakdowns were not available.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Nov. 6 a summary for the week ended Oct. 31, 1942, of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Oct. 31, 1942

Odd-lot Sales by Dealers: (Customers' Purchases)	Total for week
Number of Orders	10,844
Number of Shares	301,275
Dollar Value	10,036,530
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	108
*Customers' other sales	12,360
Customers' total sales	12,468
Number of Shares:	
Customers' short sales	2,736
*Customers' other sales	324,856
Customers' total sales	327,592
Dollar Value	9,299,967
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	160
†Other sales	103,340
Total sales	103,500
Round-lot Purchases by Dealers—	
Number of Shares	78,410

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement—Week Ended Oct. 31, 1942

Lumber production during the week ended Oct. 31, 1942, was 4% less than the previous week, shipments were 7% greater, new business 16% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 15% above production; new orders 3% below production. Compared with the corresponding week of 1941, production was 4% less, shipments 0.4% greater, and new business 4% less. The industry stood at 130% of the average of production in the corresponding week of 1935-39 and 154% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 43 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 2% above the shipments, and new orders 7% above the orders of the 1941 period. For the 43 weeks of 1942, new business was 19% above production, and shipments were 13% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 72% on Oct. 31, 1942, compared with 33% a year ago. Unfilled orders were 56% greater than a year ago; gross stocks were 30% less.

Softwoods and Hardwoods

Record for the current week ended Oct. 31, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	Softwoods and Hardwoods 1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	445	445	461
Production	247,790	258,972	258,305
Shipments	286,162	284,965	266,552
Orders	239,560	248,379	285,829

	Softwoods 1942 Week	Hardwoods 1942 Week
Mills	360	99
Production	237,011—100%	10,779—100%
Shipments	270,624—114	15,538—144
Orders	226,298— 95	13,262—123

Revenue Freight Car Loadings During Week Ended Oct. 31, 1942 Totaled 890,469 Cars

Loading of revenue freight for the week ended Oct. 31, totaled 890,469 cars, the Association of American Railroads announced on Nov. 5. This was a decrease below the corresponding week of 1941, of 4,276 cars or 0.5%, but an increase above the same week in 1940, of 95,672 cars or 12.0%.

Loading of revenue freight for the week of Oct. 31 decreased 12,777 cars or 1.4% below the preceding week.

Miscellaneous freight loading totaled 431,178 cars, a decrease of 1,322 cars below the preceding week, but an increase of 29,928 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 92,222 cars, an increase of 34 cars above the preceding week, but a decrease of 66,699 cars below the corresponding week in 1941.

Coal loading amounted to 169,690 cars, an increase of 2,433 cars above the preceding week, and an increase of 7,379 cars above the corresponding week in 1941.

Grain and grain products loading totaled 47,320 cars, a decrease of 345 cars below the preceding week, but an increase of 11,468 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of Oct. 31 totaled 29,804 cars, a decrease of 316 cars below the preceding week, but an increase of 7,953 cars above the corresponding week in 1941.

Livestock loading amounted to 24,843 cars, an increase of 482 cars above the preceding week, and an increase of 5,022 cars above the corresponding week in 1941. In the Western Districts alone, loading of livestock for the week of Oct. 31, totaled 20,642 cars, an increase of 687 cars above the preceding week, and an increase of 4,716 cars above the corresponding week in 1941.

Forest products loading totaled 47,513 cars, a decrease of 1,698 cars below the preceding week but an increase of 3,041 cars above the corresponding week in 1941.

Ore loading amounted to 63,267 cars, a decrease of 12,808 cars below the preceding week, but an increase of 3,889 cars above the corresponding week in 1941.

Coke loading amounted to 14,436 cars, an increase of 447 cars above the preceding week, and an increase of 1,696 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941, except the Eastern, Allegheny, Pocahontas, and Northwestern and all districts reported increases compared with the corresponding week of 1940 except the Eastern.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Five weeks of May	4,170,713	4,160,060	3,351,840
Four weeks of June	3,385,769	3,510,057	2,896,953
Four weeks of July	3,321,568	3,413,435	2,822,450
Five weeks of August	4,350,948	4,463,372	3,717,933
Four weeks of September	3,503,658	3,540,210	3,135,122
Week of Oct. 3	907,607	917,896	806,004
Week of Oct. 10	909,957	903,877	811,906
Week of Oct. 17	900,767	922,884	813,909
Week of Oct. 24	903,246	913,605	837,657
Week of Oct. 31	890,469	894,745	794,797
Total	36,748,225	35,820,756	30,654,313

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Oct. 31, 1942. During this period only 60 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED OCT. 31

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1942	1941	1940	1942	1941
Eastern District—					
Ann Arbor	413	612	703	1,297	1,415
Bangor & Aroostock	1,867	1,502	1,101	164	273
Boston & Maine	6,649	9,062	8,044	16,284	13,852
Chicago, Indianapolis & Louisville	1,541	1,732	1,366	2,028	2,421
Central Indiana	26	29	17	34	66
Central Vermont	1,044	1,618	1,382	2,241	2,470
Delaware & Hudson	6,309	6,573	6,135	12,834	11,170
Delaware, Lackawanna & Western	6,369	6,573	6,135	12,834	11,170
Detroit & Mackinac	454	592	610	165	144
Detroit, Toledo & Ironton	1,779	2,511	2,758	1,169	1,315
Detroit & Toledo Shore Line	344	381	473	2,905	4,170
Erie	12,093	15,760	14,018	16,826	15,493
Grand Trunk Western	4,276	6,014	5,810	8,100	9,369
Lehigh & Hudson River	243	168	171	2,969	2,569
Lehigh & New England	2,043	1,941	1,975	2,028	1,554
Lehigh Valley	8,522	9,328	9,132	12,585	10,249
Maine Central	2,466	3,097	2,837	3,235	3,103
Monongahela	5,900	6,419	4,043	361	406
Montour	2,316	2,332	1,974	24	80
New York Central Lines	50,244	55,268	47,501	55,954	51,775
N. Y., N. H. & Hartford	9,686	13,220	10,771	18,672	16,735
New York, Ontario & Western	960	1,137	1,056	2,424	2,465
New York, Chicago & St. Louis	7,894	7,008	6,399	15,632	13,653
N. Y., Susquehanna & Western	376	529	417	2,378	1,670
Pittsburgh & Lake Erie	8,294	9,331	7,866	8,829	9,224
Pere Marquette	6,292	7,395	6,822	7,021	6,565
Pittsburg & Shawmut	736	681	471	16	26
Pittsburg, Shawmut & North	464	423	465	256	353
Pittsburgh & West Virginia	1,064	1,187	644	2,489	2,722
Rutland	345	626	628	1,089	1,132
Wabash	6,178	6,277	5,683	13,458	10,653
Wheeling & Lake Erie	5,379	5,609	4,383	4,558	4,322
Total	163,673	187,693	164,766	229,958	210,545
Allegheny District—					
Akron, Canton & Youngstown	808	666	536	1,072	1,059
Baltimore & Ohio	40,782	42,170	36,280	28,822	23,833
Bessemer & Lake Erie	5,759	5,016	6,724	2,262	1,990
Buffalo Creek & Gauley	*306	274	297	*3	3
Cambria & Indiana	1,855	1,996	1,709	7	21
Central R. R. of New Jersey	7,699	8,265	7,331	20,052	16,160
Cornwall	706	661	112	41	49
Cumberland & Pennsylvania	232	247	287	20	29
Ligonier Valley	134	115	132	44	51
Long Island	1,333	880	798	3,616	2,957
Penn-Reading Seashore Lines	1,986	1,926	1,515	2,210	1,767
Pennsylvania System	85,097	88,743	70,325	68.502	58.519
Reading Co.	14,726	16,707	15,463	28,906	24,201
Union (Pittsburgh)	22,132	20,181	19,079	7,404	5,430
Western Maryland	3,896	4,424	3,681	13,102	10,099
Total	187,451	192,271	164,269	176,063	146,168
Pocahontas District—					
Chesapeake & Ohio	28,545	30,057	23,042	13,766	14,049
Norfolk & Western	22,458	22,465	19,631	8,490	6,932
Virginian	4,891	4,705	3,888	2,322	2,308
Total	55,894	57,227	46,561	24.578	23,289
Southern District—					
Alabama, Tennessee & Northern	359	412	270	395	211
Atl. & W. P.—W. R. R. of Ala.	756	892	865	2,634	2,129
Atlanta, Birmingham & Coast	750	769	726	1,271	1,256
Atlantic Coast Line	11,741	11,585	10,024	10,253	7,216
Central of Georgia	4,190	4,728	4,230	4,880	4,100
Charleston & Western Carolina	413	485	443	1,530	1,674
Clinchfield	1,880	1,815	1,294	2,666	2,849
Columbus & Greenville	526	393	360	374	512
Durham & Southern	140	197	169	453	520
Florida East Coast	962	479	736	1,520	969
Gainesville Midland	43	36	33	89	100
Georgia	1,352	1,676	1,299	2,599	2,478
Georgia & Florida	367	469	309	615	856
Gulf, Mobile & Ohio	4,479	4,118	4,016	4,776	3,687
Illinois Central System	30,633	27,684	23,327	17,277	14,674
Louisville & Nashville	26,169	26,443	21,879	12,215	9,423
Macon, Dublin & Savannah	203	212	140	688	682
Mississippi Central	184	145	168	541	381
Nashville, Chattanooga & St. L.	3,782	3,874	3,359	5,275	3,844
Norfolk Southern	1,315	1,197	1,297	1,453	1,333
Piedmont Northern	355	521	458	1,287	1,658
Richmond, Fred. & Potomac	409	468	380	10,194	6,233
Seaboard Air Line	10,515	10,577	10,240	8,689	7,114
Southern System	24,185	25,351	23,626	25,441	21,880
Tennessee Central	574	578	461	1,159	812
Winston-Salem Southbound	148	134	154	1,001	1,027
Total	126,430	125,238	110,263	119,275	97,618
Northwestern District—					
Chicago & North Western	21,029	22,158	20,872	15,893	11,446
Chicago Great Western	2,502	2,680	2,720	3,587	3,579
Chicago, Milw., St. P. & Pac.	22,175	22,985	20,764	10,626	9,112
Chicago, St. Paul, Minn. & Omaha	3,707	4,102	3,658	4,164	4,399
Duluth, Missabe & Iron Range	21,448	19,545	20,468	428	266
Duluth, South Shore & Atlantic	1,013	1,537	1,216	675	508
Elgin, Joliet & Eastern	9,867	10,127	9,475	11,471	9,196
Ft. Dodge, Des Moines & South	589	548	559	118	170
Great Northern	21,477	20,772	18,486	5,810	4,225
Green Bay & Western	539	691	688	752	764
Lake Superior & Ishpeming	2,757	2,543	3,781	40	62
Minneapolis & St. Louis	2,330	1,819	1,981	2,711	2,566
Minn., St. Paul & S. S. M.	7,273	8,038	6,827	3,415	2,880
Northern Pacific	14,129	13,752	12,265	5,435	4,482
Spokane International	203	205	254	559	316
Spokane, Portland & Seattle	2,737	2,710	2,082	3,441	2,314
Total	133,775	134,212	126,096	69,125	56,285
Central Western District—					
Atch., Top. & Santa Fe System	25,665	23,218	22,776	13,049	9,022
Alton	3,280	3,318	3,155	5,195	2,895
Bingham & Garfield	408	1,025	421	111	65
Chicago, Burlington & Quincy	22,669	19,625	17,558	14,431	11,636
Chicago & Illinois Midland	2,438	2,800	2,218	909	796
Chicago, Rock Island & Pacific	12,953	12,635	13,074	14,188	10,743
Chicago & Eastern Illinois	2,682	2,937	2,604	4,138	3,147
Colorado & Southern	1,540	1,519	1,354	1,988	1,829
Denver & Rio Grande Western	5,697	4,826	4,632	6,509	3,943
Denver & Salt Lake	882	742	515	12	19
Fort Worth & Denver City	1,553	1,141	1,214	1,669	1,173
Illinois Terminal	1,925	1,851	1,706	2,019	1,806
Missouri-Illinois	1,281	1,189	956	494	473
Nevada Northern	2,150	1,915	1,866	120	135
North Western Pacific	1,222	1,029	765	682	445
Peoria & Pekin Union	29	23	40	0	0
Southern Pacific (Pacific)	32,787	31,440	28,900	11,671	8,245
Toledo, Peoria & Western	430	335	346	2,057	1,730
Union Pacific System	22,461	22,838	20,321	18,602	13,130
Utah	612	423	446	2	2
Western Pacific	2,284	2,509	2,012	4,862	3,558
Total	144,948	137,338	126,879	102,708	74,798
Southwestern District—					
Burlington-Rock Island	298	284	159	310	280
Gulf Coast Lines	5,192	3,773	3,099	2,450	2,175
International-Great Northern	3,537	1,983	1,709	3,162	2,592
Kansas, Oklahoma & Gulf	385	224	331	1,273	841
Kansas City Southern	4,632	3,006	2,295	2,706	2,794
Louisiana & Arkansas	3,590	2,735	2,035	2,142	2,227
Litchfield & Madison	343	377	281	1,138	1,080
Midland Valley	727	750	507	350	244
Missouri & Arkansas	185	154	221	217	376
Missouri-Kansas-Texas Lines	7,197	4,676	4,424	6,228	3,605
Missouri Pacific	18,678	17,091	15,598	19,832	12,475
Quanah Acme & Pacific	*157	141	235	*290	182
St. Louis-San Francisco	10,117	9,220	8,725	9,091	6,195
St. Louis Southwestern	3,266	2,956	3,153	5,475	3,688
Texas & New Orleans	14,058	7,899	7,587	4,762	4,067
Texas & Pacific	5,767	5,296	5,411	7,852	5,051
Wichita Falls & Southern	144	184	175	39	50
Weatherford M. W. & N. W.	25	17	18	22	38
Total	78,298	60,766	55,963	67,339	47,960

*Previous week's figure.

Note—Previous year's figures revised.

Non-Ferrous Metals—Production Schedules To Fit Materials Supply Under Revised Plan

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Nov. 5, stated: "Donald M. Nelson, Chairman of the War Production Board on Nov. 2 announced a revised plan for the control of scarce materials, to be put into effect gradually to replace PRP. The purpose of the new 'Controlled Materials Plan' is to make certain that production schedules in manufactured products are adjusted to conform with the available supply of critical materials. Aluminum, copper, and carbon and alloy steel will be the first items to be allotted under the plan. Other materials will be added later. Allotments under the plan will be made by a Requirements Committee to seven claimant agencies — the Army, Navy, Office of Civilian Supply, Aircraft Scheduling Unit, Maritime Commission, Lend-Lease, and Board of Economic Warfare. Though the effective date will be April 1, full operation of the plan is not expected before July 1 next year. The commodity branches will be retained." The publication further went on to say in part:

Copper

Allocations for November copper came through in volume last week. The price situation was unchanged, with domestic consumers obtaining copper on the basis of 12¢, delivered Connecticut Valley. Foreign copper held at 11.75¢, f.a.s. United States ports.

Copper is one of three critical materials that will start the machinery rolling in the improved allocations plan that becomes effective at the beginning of the second quarter of 1943. After taking care of "first things first," the tonnages of copper that will be available for civilian uses other than essential needs will be small. Leon Henderson, commenting on the outlook for civilian supplies for 1943, said his requests for copper will be less than ¾ of 1% of the available supply. The percentage of copper mentioned represents merely the amount asked for. The quantity received will depend on allocations by the Requirements Committee. Essential civilian needs are to be included in the requests for military supplies.

Lead

The lead industry will not operate under PRP until the metal is officially transferred to CMP some time before the middle of 1943. Nothing has been learned during the last week in reference to the revised conservation order. Demand for lead was fairly active and producers could have disposed of more than the amount tons sold during the last week. Quotations were unchanged.

Zinc

Though zinc distribution will come under CMP before long, the industry showed only moderate interest in the new regulations. The metal at present is under strict control, and the new plan, so far as zinc is concerned, should result in no major shift in procedure.

Metals Reserve has been absorbing larger tonnages of the ordinary grades.

Tin

The price situation in tin was without change in the last week. Straits quality tin for forward shipment was nominally as follows:

	Nov.	Dec.	Jan.
Oct. 29	52.000	52.000	52.000
Oct. 30	52.000	52.000	52.000
Oct. 31	52.000	52.000	52.000
Nov. 2	52.000	52.000	52.000
Nov. 3		Holiday	
Nov. 4	52.000	52.000	52.000

Chinese tin, 99% spot, 51.125¢ all week.

Platinum

Use of platinum in jewelry manufacture has been stopped by an amendment to Conservation Order M-162. Supply of platinum is just about equal to essential needs, according to WPB. Any platinum which was in process for making jewelry on Oct. 31 may be processed to completion before Jan. 1, but processing must stop on that day. The leading interest has quoted $36 a troy ounce on refined platinum since Sept. 5, 1940.

Quicksilver

Demand for quicksilver has moderated, but the price situation remains firm. Production for the remainder of the year appears to be well sold up. Quotations held at $196 @ $198 per flask, New York.

Silver

Duplicate filing of "voluminous" reports of affidavits supporting sales of newly mined domestic silver, made to OPA and the Mint, has been eliminated by OPA in Amendment No. 48 to Supplementary Regulation No. 14, under General Maximum Price Regulation. Effective Oct. 31, the seller simply files with OPA a short form stating that affidavits have been posted with the Mint. The amendment also makes it clear that when semi-fabricated silver articles are sold by a manufacturer at prices to reflect use of newly mined domestic silver, they may be adjusted upward only to the extent of the amount of newly mined domestic metal purchased and not otherwise disposed of.

London and New York quotations for silver were unchanged throughout the week.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Items About Banks, Trust Companies

The Guaranty Quarter Century Club, composed of employees, officers, and directors of the Guaranty Trust Company of New York who have served the company for 25 years or more, held its annual dinner Nov. 5 at the Starlight Roof of the Waldorf-Astoria with 250 attending. The club has a total membership of 317, including a chapter in London, where the company has had offices for 46 years. The roster also includes 47 members who are retired on pension. Cornelius F. Kelley, Chairman of the Anaconda Copper Mining Co. and a Director of the Guaranty, was the principal speaker at the dinner. Another Director, Charles E. Dunlap, President of the Berwind-White Coal Mining Co., was among the 110 newly inducted members present who have become eligible for membership since the club's last meeting a year ago. William C. Potter, Chairman of the Executive Committee, paid tribute to the 600 members of the Guaranty Trust Company staff who are in the country's armed forces. Other senior officials attending who are members of the club included W. Palen Conway, Chairman of the Board, and Eugene W. Stetson, President. Lawrence D. Scheu was elected President of the club for the forthcoming year, succeeding Elmer G. Tewes. Membership in the club is honorary. In addition to membership certificates and gold service emblems, members other than officers receive annually an extra week's vacation upon attainment of 25 years of service.

Following the meeting of the Board of Trustees of the New York Trust Company on Nov. 4, John E. Bierwirth, President, announced the appointments of Granger Costikyan and James H. M. Ewart as assistant trust officers of the company. Mr. Costikyan is a graduate of Yale University, A. B., 1929. He has been connected with the company for 13 years and is in charge of the Investment Service Department. Mr. Ewart is also a graduate of Yale, A. B., 1924, and Yale Law School, 1927. His association with the company began in 1931 and he has specialized in trust administration.

Wilfred Wottrich, who has been a Trust Officer of Manufacturers Trust Company of New York for the last ten years, has been elected a Vice-President and placed in charge of the bank's Personal Trust Department. He succeeds Elliott Debevoise, Vice-President, who is now stationed at the bank's office at Fifth Avenue and 43rd Street, New York. Mr. Wottrich has been with Manufacturers Trust Company and its predecessor banks for the past 18 years. He is a director of several corporations. During 1930 and 1931, he was Chairman of the Bank Management Conference of New York. Mr. Wottrich is a graduate of New York University and of the Graduate School of Banking, American Bankers Association, Rutgers University.

William F. H. Koelsch, retired Vice-President of the Chase National Bank of New York, died on Oct. 30 at his home in Dobbs Ferry, N. Y. He was 67 years old. Mr. Koelsch had been in charge of the Chase Bank's 34th Street branch prior to his retirement last year. He was President of the 34th Street Midtown Association and had been a Trustee of the West Side Savings Bank, New York City, and a Director of the United States Life Insurance Co., and Oppenheim Collins & Co.

A native of New York City, Mr. Koelsch began his banking career as a messenger for the old Metropolitan Trust Co., with which he was associated for 15 years. He later was associated with the Foreign Exchange Department of the Guaranty Trust Company and subsequently was employed by the former Bank of United States and the Mutual-New Netherland Bank of New York. He had been a Vice-President of the Chase Bank since June 1, 1930.

Elliott M. Eldredge, a Trustee of the Williamsburgh Savings Bank of Brooklyn since 1923, has been elected President of the institution. Mr. Eldredge succeeds the late Henry R. Kinsey, whose death was noted in our Oct. 22 issue, page 1456.

The Peoples Bank & Trust Co., Coshocton, Ohio, has been absorbed by the Commercial National Bank of Coshocton, according to an announcement by the Board of Governors of the Federal Reserve System.

Edward Herz, a Director of Max Herz & Sons, Inc.; Charles S. Macferran, Vice-President of the City National Bank & Trust Co.; Arthur G. Osgood, of the Harris Trust & Savings Bank, and William Schneider, a Director of the Araness Corp., all of Chicago; Ben Kuyk, Secretary-Treasurer, Pella Produce Co., Pella, Iowa, and Clarence L. Strum, partner in A. Strum & Sons, Manawa, Wis., have been admitted to membership in the Chicago Mercantile Exchange.

Federal Reserve Banks Cut Discount Rates

The 12 Federal Reserve Banks have reduced their discount rates from 1% to ½% on advances to member banks, when such advances are secured by direct or fully guaranteed Government obligations having a year or less to run to call date or maturity.

This reduction was started two weeks ago by the Reserve Banks of Atlanta, Chicago, Dallas and Philadelphia and the other banks followed in due course. The Boston, Cleveland, St. Louis and Kansas City Reserve Banks acted on Oct. 27, the Richmond and San Francisco Banks on Oct. 28, the New York Bank on Oct. 29 and the Minneapolis Bank on Oct. 30.

The major purpose of reducing the rate on notes secured by short-term Government obligations was, as explained by the Cleveland Bank, "to interpose no obstacle to borrowing by banks which find it necessary to offer Treasury bills, certificates of indebtedness, or other short-term Government securities or guaranteed issues as collateral for advances to meet temporary needs. It was anticipated that the low rate also might encourage more substantial purchases of such obligations."

Some of the other discount rates were similarly reduced by most Reserve Banks.

The New York Reserve Bank's action in this respect was as follows:

The rate on advances to member banks against other collateral than governments and "eligible paper" was lowered from 2 to 1½%.

The rate on advances to individuals, partnerships and corporations other than banks, secured by direct U. S. Government obligations was reduced from 3½ to 2½%.

The New York Reserve Bank, as well as most of the other Reserve Banks, left unchanged the 1% rate on advances to member banks on Government securities maturing in more than one year and on "eligible paper." The bank also left unchanged the 1% rate on advances to non-member banks secured by direct obligations of the Government.

Allan Sproul, President of the local Reserve Bank, makes public the following Rate Schedule of Federal Reserve Bank of New York, in effect Oct. 30, 1942.

Rediscounts For and Advances to Member Banks:

(a) Advances under the eighth and thirteenth paragraphs of Section 13 of the Federal Reserve Act specifically secured by direct obligations of the United States, or such obligations fully guaranteed as to principal and interest by the United States as are eligible for collateral under the eighth paragraph of Section 13, which have one year or less to run to call date, or to maturity if no call date—½% per annum.

(b) Advances under the eighth and thirteenth paragraphs of Section 13 of the Federal Reserve Act specifically secured by direct obligations of the United States, or such obligations fully guaranteed as to principal and interest by the United States as are eligible for collateral under the eighth paragraph of Section 13, which have more than one year to run to call date, or to maturity if no call date —1% per annum.

(c) Other advances and discounts under Sections 13 and 13a of the Federal Reserve Act—1% per annum.

(d) Advances under Section 10 (b) of the Federal Reserve Act —1½% per annum.

Advances to Non-Member Banks:

Advances under the last paragraph of Section 13 of the Federal Reserve Act secured by direct obligations of the United States—1% per annum.

Advances to Individuals, Partnerships and Corporations Other Than Banks:

Advances under the last paragraph of Section 13 of the Federal Reserve Act secured by direct obligations of the United States—2½% per annum.

Industrial Advances and Commitments Under Section 13b of the Federal Reserve Act:

(a) Advances direct to industrial or commercial businesses, including advances made in participation with financing institutions —2½ to 5% per annum.

(b) Commitments to make advances direct to industrial or commercial businesses—10 to 25% of rate to be charged borrower with a minimum of ½%.

(c) Advances taken over from financing institutions under commitments—rate charged borrower on portion for which Federal Reserve bank assumes the risk, and rate charged borrower less the commitment charge on portion on which financing institution assumes the risk.

(d) Commitments to financing institutions — 10 to 25% of rate charged borrower with a minimum of ½%, provided that no commitment shall be given on loan on which borrower is charged more than 5%.

NYSE Borrowings Lower

The New York Stock Exchange announced on Nov. 5 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Oct. 31 was $357,343,929, a decrease of $7,691,118 from the Sept. 30 total of $365,035,047.

The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the U. S., excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business Oct. 31, 1942, aggregated $357,343,929.

The total of money borrowed, compiled on the same basis, as of the close of business Sept. 30, 1942 was $365,035,047.

Bank Of Montreal Canada's Oldest Bank, Now Observing Its 125th Anniversary

Canada's oldest banking institution—the Bank of Montreal—observed on Tuesday of this week the completion of a century and a quarter of continuous and successful operation. Founded on November 3, 1317, half a century before Canadian Confederation, at a time when Canada was but a few scattered, sparsely-settled colonies, the bank gave the Canadian people their first organized system of finance. It was responsible for the issue of the country's first real money, and it established Canada's branch banking system — a financial system which has for many years received international praise for its stability and elasticity, particularly during the trying times of the last decade. It is pointed out that in observing its 125th anniversary, the Bank of Montreal can look back upon an impressive record; on every banking day for a century and a quarter, through good times and bad, through peace and war, its doors have never failed to open for the transaction of business. The announcement in the matter sketching the bank's career says:

"The bank was organized by nine Montreal merchants on June 23, 1817, and opened for business on the following November 3. The young bank immediately set about the business of giving some semblance of organization to the financial life of the country, and its first task was the issue of paper currency — that is, the bank's own bills in small denomination—and later, copper coins. Specimens of this currency—which was in reality the first Canadian money—are preserved in the bank's museum in Montreal.

"Besides providing a medium of exchange such as had hitherto been lacking, the bank nursed along the early enterprises of the country and did much to straighten out the difficulties of international as well as interurban trading theretofore conducted solely by barter or in foreign currencies.

"In the achievement of this, one of the most important factors was the creation of the branch banking system, which was a part of the bank's policy from its early days. As the years went on and settlement spread out, the bank opened branches to facilitate the agricultural development of the country, its manufacturing industries and its general commerce.

"Today the bank has more than 450 branches throughout Canada and Newfoundland and its own offices in London, New York, Chicago and San Francisco. Its record resources of over $1,100,000,000 and capital and reserves in excess of $76,000,000 today stand in sharp contrast to its figures of a century and a quarter ago, when the bank began business with a capital of $350,000. Perhaps a more graphic indication of the bank's growth and the assistance it has rendered toward the development of the country is the fact that it now has more than a million deposit accounts—about one in every four in the Dominion.

"One of the major undertakings of the Bank of Montreal during its long career was the financing of Canada's first transcontinental railway—the Canadian Pacific. The Bank of Montreal placed its resources to a marked extent behind the project. Subsequent events have completely justified the bank's directors in backing this undertaking which, more than any other, contributed to the settlement and development of Canada's vast western areas.

"At the time of the bank's 100th anniversary in 1917, Canada was at war. Today, as the bank passes its 125th milestone, Canada is again at war. Under the stress of war conditions, the institution with its resources, its 125 years' experience and its nationwide system of branches, is playing its part in the nation's war effort, just as it did 25 years ago. In hundreds of communities great and small, the bank is working with Canadian industry and agriculture by furnishing credit and the many essential banking and financial services. Further, it is aiding the government by promoting victory loan campaigns, by the sale of war savings stamps and certificates and in other war activities."

The Agency of the Bank of Montreal at 64 Wall Street, New York, this year reached the 83rd milestone of its establishment in New York. The office was opened in 1859 to facilitate the then rapidly growing trade between the United States and Canada, and in the intervening years, it has assumed a leading role among the foreign banking agencies in the city. The New York Agency, it is noted, is located on the site of the famous old buttonwood tree where the first stock brokers in the United States met and conducted the business of the day.

Hutto Named N. Y. State Banking Superintendent

The appointment of Jackson S. Hutto as Superintendent of Banks of New York State was announced on Oct. 30 by Governor Herbert H. Lehman. Mr. Hutto, who has been Deputy Spuerintendent and Counsel since 1936, was named to succeed William R. White, who resigned to become Vice President of the Guaranty Trust Co. of New York. Mr. Hutto has been associated with the State Banking Department since 1934, when he was appointed principal attorney. He has also served as Secretary of the Banking Board for the last six years. Mr. Hutto's appointment is for the unexpired portion of the term which ends Dec. 31, when Governor Lehman's term of office ends.

Mr. Hutto was born in Morrillton, Ark., and is 37 years old. He was graduated from Hendrix College, Conway, Ark., in 1926 and from Harvard Law School in 1930. He became associated with the law firm of Hornblower, Miller & Garrison in September, 1930, and remained with that firm until his appointment to the State Banking Department in 1934.

Name New Directors Of N. Y. Reserve Bank

The Federal Reserve Bank of New York announces that Warren W. Clute, President of the Glen National Bank of Watkins Glen, Watkins Glen, N.Y., has been nominated as a Class A Director of the Bank for the term from Jan. 1, 1943 to Dec. 31, 1945, to succeed Neil H. Dorrance, President of the First National Bank and Trust Co., Camden, N. Y.

The Bank also announces that Carle C. Conway, a Class B Director, whose term expires Dec. 31, 1942, has been renominated for a three-year term. Mr. Conway, who is Chairman of the Board of the Continental Can Co., has served as a Class B Director of the Reserve Bank since March 6, 1942.

Only banks in Group 3, (those with capital and surplus of $300,000 and less) are entitled to vote for these directors. The polls were opened on Nov. 2 and will close at noon on Nov. 17.